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Differential Effects of Entrepreneurship Development Programme on Dimensions of Entrepreneurship

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ABSTRACT

The study was conducted during the year 2014-2015 in three districts namely Bagalkot, Vijayapur and Uttar Kannada districts of North Karnataka. A sample of 50 trained and 50 untrained respondents were selected from each of the three districts making a total sample of 300 with an ex-post facto research design. The majority of the trained (58.67%) and untrained (66.67%) entrepreneurs belonged to middle age, seventy per cent of trained and untrained entrepreneurs belonged to the nuclear type of families. The study was conducted to know the differential effect of entrepreneurship development programmes on dimensions of entrepreneurship. Six main dimensions viz, leadership ability, decision making, confidence level, management orientation, the establishment of enterprise and growth/expansion of enterprise were selected by consulting the experts and review of the literature. The component growth/expansion of enterprise got the highest mean score 84.05 for trained entrepreneurs whereas, the establishment of enterprise got the highest mean score 68.57 for untrained entrepreneurs and the highest index value was found in confidence level 72.93 for trained and decision index 67.53 for untrained. The total impact index values were 70.15 for trained and 58.60 for untrained entrepreneurs. The 't' value for the trained and untrained entrepreneurs was significant and higher than the untrained entrepreneurs. This shows there is a difference in entrepreneurial qualities of trained and untrained entrepreneurs.

Key words: Dimensions of entrepreneurship; Entrepreneurship; Ex-post facto.

After independence, conscious efforts are being made towards economic and social transformation. India followed the socialistic pattern of development policy within the framework of the five-year plan. Accordingly, the government concentrated on the development of infrastructure for industrial and agricultural development. Thus, it was during the late sixties that the small sector began to be recognized as an instrument for tapping entrepreneurial talent. In the initial stages, the government envisaged a promotional package to facilitate the setting up of units. This package consisted of financial assistance and incentives, infrastructural facilities, technical and managerial guidance through a network of support organizations at central, state and local levels. But, the insufficient

progress of this sector, however, made the planners realize that facilities and incentives were necessary but not sufficient to ensure an adequate entrepreneurial response. Entrepreneurial growth requires focusing on human resource development more than anything else. Since then, entrepreneurship development programmes became an integral part of our economic development programmes. Hence to know the impact of entrepreneurship development in this study an attempt is made to study entrepreneurship is measured in six dimensions namely, Leadership ability, Decision making ability, Confidence level, Management orientation, Establishment of enterprise and Growth/Expansion of enterprise. The present study was undertaken with the following objectives :

- i. To study the socio personal characteristics of trained and untrained entrepreneurs
- ii. To know the differential effect of entrepreneurship development programme on dimension of the entrepreneurship

METHODOLOGY

This study was conducted in Bagalkote, Vijayapur and Uttar Kannada districts of Northern Karnataka. From each district 50 trained and 50 untrained respondents were selected making the sample size of 300. Trained respondents were taken training in RUDSETI in a particular district.

A scale was developed to measure the impact of the entrepreneurship development programme. It includes six dimensions namely, Leadership ability, Decision-making ability, Confidence level, Management orientation, Establishment of enterprise and Growth/ Expansion of enterprise. The personal interview method was used for data collection. Suitable statistical tools like frequency, percentage, mean, index and t-test were used for the analysis of the data.

RESULTS AND DISCUSSION

Socio-personal characteristics of trained and untrained entrepreneurs : The socio-personal characteristics of trained and untrained entrepreneurs were assessed by taking age, education, type of family, family size, caste, marital status, family occupation, annual income, the background of the entrepreneurs, information source consultancy, extension contact and mass media participation.

Age : The majority of the trained and untrained entrepreneurs belonged to the middle age group of 31-50 years, (Table 1). Middle-aged entrepreneurs tend to have a free hand in financial affairs and they can take up independent decisions to implement their ideas. They have more physical vigour, want to be more independent, have more family responsibilities and are at a stage in a life where they have to fulfil their family responsibilities. Entrepreneurs of middle age have moderate experience in business and more working efficiency than older and younger entrepreneurs. Young people lack experience whereas old aged people lack risk-bearing ability and interest. The responsibility of the management of family enterprise would be

relatively less with young and old people in the family. The results quoted by *Ram et al. (2013)* also revealed that the majority of the entrepreneurs in their study belonged to the middle age group.

Education : In the present study, very few of the respondents had perceived higher education (Table 1) maybe because of Realization of the importance of formal education both by parents and children, due to increased contact with educated people, mass media exposure etc might have motivated few of them to pursue higher education. However, the majority of the entrepreneurs were educated only up to the primary and secondary levels this might be due to the lack of facilities in the village and nearby villages, which might have forced them to travel to taluaka headquarters if at all they want to pursue a college education. It was surprising to note that, 12 and 14 per cent of trained and untrained entrepreneurs respectively belonged to the illiterate category which might be due to ignorance and less contact with other educated people. The other reasons might be that they lacked formal schooling and so were motivated to take up enterprise. In spite of being illiterates, they are managing their enterprise successfully. This could be because the business might have been their family occupation and they have practical experience, so they would have been managing the business well. Some people are born with a business sense and so running an enterprise is not at all difficult. As the rural people have still a traditional base, they generally do not prefer to send their children to school rather they want them to assist in farm and household activities. The distance of study centres from the villages and more investment also might have prevented the parents from providing higher education to their children. The results coated by *Jhamtani et al. (2003)*, *Bennur (2011)* and *Joshi (2015)* indicated that entrepreneurs had education up to secondary level.

Family type : Almost (70%) of trained and untrained entrepreneurs belonged to nuclear families and the rest of the thirty per cent of trained and untrained entrepreneurs belonged to joint families (Table 1).

A desire to lead an independent life with proper accommodation, basic amenities and to give a better future to their kids, must have motivated most of the respondents to live in nuclear families. Nuclear

Table 1. Distribution of socio-personal characteristics of the beneficiaries

Variables and categories	Trained (n=150)		Untrained (n=150)	
	No.	%	No.	%
<i>Age</i>				
Young (upto 30)	47	31.33	26	17.33
Middle (31-50)	88	58.67	100	66.67
Old (>50)	15	10.00	24	16.00
<i>Education</i>				
Illiterate (nil)	18	12.00	21	14.00
Primary (upto 5 th std)	27	18.00	33	22.00
Middle (upto 10 th std)	53	35.34	76	50.60
Secondary (upto 12 th)	32	21.33	10	06.70
Collegiate (>12 th std)	20	13.33	10	06.70
<i>Type of family</i>				
Nuclear	106	70.70	110	73.30
Joint	44	29.30	40	26.70
<i>Family size</i>				
Small (<5 members)	47	31.33	47	31.30
Medium (5-8 members)	65	43.34	75	50.00
Large (>8 members)	38	25.33	28	18.70
<i>Caste</i>				
SC and ST	40	26.67	47	31.30
OBC	73	48.67	86	57.30
General	37	24.66	17	11.40
<i>Marital status</i>				
Married	128	85.34	127	84.67
Unmarried	17	11.33	9	06.00
Widow	3	02.00	12	08.00
Divorce	-	00.00	-	00.00
Separated	2	01.33	2	01.33
<i>Family occupation</i>				
Agriculture	61	40.67	58	38.70
Non-agriculture	55	36.67	62	41.30
Both	34	22.66	30	20.00
<i>Annual income</i>				
Low (Rs. <1,16,968)	78	52.00	40	26.67
Medium (Rs. <1,16,968 to >2,09,915)	40	26.67	60	40.00
High (Rs. >2,09,915)	32	21.33	50	33.33
<i>Background of the entrepreneurs</i>				
Rural	121	80.70	82	54.70
Urban	29	19.30	68	45.30
<i>Information source consultancy</i>				
Low	14	9.33	44	29.33
Medium	101	67.34	100	66.67
High	35	23.33	6	04.00
<i>Extension contact</i>				
Low	143	95.33	150	100
Medium	6	4.00	0	00.00
High	1	0.67	0	00.00
<i>Mass media utilization</i>				
Low	28	18.67	32	21.33

families also help to lead the planned and economic way of life. The families also get enough time to take up subsidiary enterprises. The other reason could be the influence of urbanization and increased needs and wants. The findings of the present study agree with the findings of *Suresh (2008)* and *Hangi and Joshi (2015)* that entrepreneurs belonged to nuclear families.

Family size : Most of the trained and untrained entrepreneurs had a medium family with four to six members (Table1). One-third of both the categories had small families with less than four members, while one-fourth of trained and 18.70 per cent of untrained entrepreneurs belonged to large families with more than six members. It is the normal trend in rural areas to have 3-4 children. They think that more children mean more hands to work and also feel more secured during their old age if they have more children. However, due to rising costs of living, they have restricted their families to medium size. The results of *Chaudhari (2006)* and *Ram et al. (2013)* also revealed that majority of entrepreneurs belonged to medium size family.

Caste : It is clear from Table 1 that almost half of the trained and untrained entrepreneurs were from OBC category. The remaining belonged to SC/ST and general caste. The reason for the majority of the entrepreneurs belonging to the backward caste and general category in the study might be due to the demographics of the study area where most belong to the backward and general caste. The findings of the present study are in line with the findings of *Bharatamma (2005)*.

Marital status : More than three fourth of the trained and untrained entrepreneurs were married (Table1). The remaining were unmarried. A negligible per cent were widows and separated. This could be due to fact that children are married off at an early age in a rural area. The main reasons could be the traditions, family cultural pressure and the parents wish to see their children settled. By marrying off the children the parents rid themselves of the family responsibilities. The above results get support from the studies conducted by *Achar (2008)*, *Ram et al. (2013)* and *Hanagi & Joshi (2015)*.

Family occupation : In the results (Table 1) the forty-one per cent of trained entrepreneurs followed agriculture as their main occupation. This could be because most rural people belong to agricultural families especially

from small and marginal landholding. These people might have taken training from RUDSETI and other facilities from government programmes and schemes. The higher percentage of untrained entrepreneurs having non-agriculture as their family occupation could be because they might have come from business families who have been running the enterprise for generations. The majority of them were from rural areas and have a less educational background. This reduced opportunity to get public and private sector jobs and so they might seek self-employment. Other factors being less scope of employment in the non-agriculture sector. The results are in accordance with the findings Bannur & Teli (2012) and Nandagopal and Chinnaiyan (2004).

Annual income of the family : The results recorded in Table 1 revealed that the majority of the trained entrepreneurs belonged to the low-income category followed by medium and high. In the case of untrained entrepreneurs' majority of them were in medium followed by high and low. The possible reason for the occurrence of many of the trained entrepreneurs in the low-income category may be that low they are dependent on agriculture which might be non-remunerative. Many of the trained entrepreneurs have taken varied types of enterprises from very small to very big ones. Low socio-personal background people have taken small enterprises and earn little income hence they are in the low-income category. The reason for untrained entrepreneurs in the medium income category maybe their family background is sound and doing business from many years and are expert in that field hence might be earning a good income.

Background of the entrepreneurs : The details presented in Table 1 indicated that the majority of trained and untrained entrepreneurs belonged to rural backgrounds. Since RUDSETI caters to rural people, the selection of the sample shows that most entrepreneurs are from rural areas. Another important reason is that RUDSETI gives training to school dropouts and this percentage of dropouts is very high, some of the reasons being that not much importance is given to education in rural areas. Lack of higher education facilities and financial constraints could be other reasons. Such school dropouts have availed training from RUDSETI and hence the

finding. However, studies by Achar (2008) and Chintu & Mishra (2015) reveal that most entrepreneurs were from urban than the rural background.

Information source consultancy : The study (Table1) inferred that majority of the trained and untrained (66.67%) entrepreneurs belonged to the medium and low information-seeking category. The reason that could be attributed to low and medium information-seeking behaviour might be due to lack of time, family burden or poor communication with other entrepreneurs and also due to poor communication networks in their locality. These results are in conformity with the findings of Pendeti (2005), Boruah et al. (2015).

Extension contacts : The information in (Table1) revealed that large majority (95.33%) of trained entrepreneurs had low extension contact whereas in the case of untrained entrepreneurs cent per cent of them had low extension contact. Low extension contact for the majority of the entrepreneurs might be due to lack of knowledge about extension agencies, awareness, lack of mass media exposure, poor communication with others in the society. Other possible reasons could be that they are in touch with extension agents for agricultural information and not for information about the enterprise. These results are in line with the findings of Dhamodaran and Vasanth Kumar (2001) and Bennur (2011).

Mass media utilization : The results (Table 1) depicted that, majority of the trained (58.00%) and untrained entrepreneurs (64.00%) had medium mass media participation. Mass media are proven channels for quick dissemination of information to a large number of people spread over a larger geographical area in a shorter period of time. Mass media contact enhances the ability of the entrepreneurs to get more information about current affairs as well as information on recent technologies or innovations and in turn widens the knowledge horizon of the entrepreneurs to accept and adopt the enterprise. Mass media also provides information on experiences of successful entrepreneurs through various channels like television, radio, newspaper etc., which reinforces the confidence and motivate other entrepreneurs to take up similar enterprise or try out new innovations. The results are

in conformity with the findings of Neelavaeni *et al.* (2002), Suresh (2004), Pandeti (2005), Nagesha (2005) and Nagesh (2006).

Differential effect of entrepreneurship development programme on dimension of the entrepreneurship Leadership ability : Leadership in entrepreneurship is referred to as not only the act of entrepreneurship of managing or starting a business but how one manages to do so by social processes or skills of leadership. Leadership is an important function of management that helps to maximize efficiency and to achieve the goal. Leadership acts as the catalyst that makes all other elements work together and without leadership, all other business resources lie dormant. Leaders are responsible for training employees to perform their tasks

Table 2. Impact of entrepreneurship development programmes

Dimensions	MS of trained group (n=150)	MS of untrained group (n=150)	t-value
Leadership ability	43.12	35.21	7.824**
Decision making	28.90	27.01	3.087**
Confidence level	51.05	45.51	4.550**
Management Orientation	55.87	49.15	5.40**
Establishment of enterprise	83.28	68.57	8.312**
Growth / expansion of enterprise	84.05	62.67	11.706**

Table 3. Impact index of entrepreneurship development programmes on the entrepreneurs

Index	Index values of trained	Index values of untrained
Leadership index	66.33	54.17
Decision index	72.25	67.53
Confidence index	72.93	60.67
Management orientation	69.83	61.43
Establishment of enterprise	72.41	48.20
Growth/expansion of enterprise	67.23	48.20
Total impact index	70.15	58.60

effectively, as well as supervise the actual completion of those tasks on a regular basis. If an entrepreneur has to succeed, he/she as a leader must inspire employees.

Table 2 shows the clear differences (t -value=7.824**) in the mean leadership scores of trained and untrained entrepreneurs. Trained entrepreneurs (43.12) have higher mean scores than untrained (35.21).

Table 2 shows the leadership ability index of trained entrepreneur's (66.33) was more than untrained entrepreneur's (54.17). This could be because the trained entrepreneurs were exposed to different situations where they learnt to manage resources, way of approaching banks and in turn train their subordinates to perform in a better way. Poor mean scores and index value of untrained entrepreneurs for leadership could be due to low extension contact and contact with outside agencies. The results are in line with the findings of Vijayakumar (2001) and Pandeti (2005).

Decision making : Decision making is one's mental process of an individual to come up with a final choice after careful consideration of several options or alternatives. The outcome of the entrepreneur decision could significantly affect his/her work, business or even their life. That is why in entrepreneurship, making intelligent decisions is regarded as very important because it could mean the difference between success and failure of the enterprise. To make an intelligent decision, the entrepreneur needs to make the right choice about the context, objectives, alternatives and criteria to come up with positive outcomes. Decision making in entrepreneurship involves managing, building and moulding businesses and ventures. The right intelligent decision helps to come up with positive outcomes.

Table 2 revealed that the decision-making ability of both the categories of trained and untrained entrepreneurs differed significantly ($t=3.087$ **). The mean scores for trained (28.90) were higher than untrained entrepreneurs (27.01) and this was significant at 1 per cent level of significance.

It was clear from the Table 3 that, the decision index of trained entrepreneurs (72.25) was higher than the untrained entrepreneurs (67.53).

The possible reason for such a finding is that during the training they were taught various aspects

of financial management and marketing. This acquired knowledge and skill might have made them take better decisions. The results are in line with the findings of Ravi (2007).

Confidence level : Confidence indicates the extent of the feeling of positive belief in one's ability and resourcefulness in carrying out any activity which individual desires to undertake.

The results depicted in Table 2 indicated the confidence level of training was better than that of untrained i.e., mean overall score was 51.05 for trained and 45.50 for untrained. The difference in the values was statistically significant at a 1 per cent level. The confidence index of entrepreneurs was 72.93 and for untrained entrepreneurs was 60.67 per cent (Table 3).

Confidence is the ability of a person to perform better in a given situation which in other words also means the management of the enterprise. Probably having taken training, the entrepreneur knows what to do and what not to do. This increases self-esteem and the capacity to perform better. The results conform with the findings of Murali et al. (2003) and Shah et al. (2010).

Management orientation : Good management ability will improve the business performance. Management capability of an entrepreneur is a set of skills and competencies both administrative and operative to carry out management functions which consist of the ability of planning, organizing, directing or doing assignments, supervision, production, finance etc. Management is the art of getting things done through people. An effective entrepreneur should perform all these managerial skills.

The improvement of the skills is seen in the trained entrepreneurs which is demonstrated by the difference in the mean overall scores of trained (55.87) and untrained (49.15) entrepreneurs. The difference was also significant ($t=5.40^{**}$) at a 1 per cent level (Table 2). The index was also high among trained entrepreneur's (69.83) (Table 3).

Establishment of enterprise : Establishment of enterprise is a willingness to undertake new ventures/initiative/ systematic activity, directed towards profit which requires extensive planning and hard work. An entrepreneur has to pass through several steps in a step-by-step approach to achieve his goal while establishing an enterprise, as the decision to be self-employed,

analyzing weaknesses, strengths, opportunities, threats, products selection, marketing survey, location, finance, manpower, technical know-how, procurement of raw material, production, marketing, quality etc.

The difference in the mean scores of trained and untrained entrepreneurs for the establishment of enterprise is presented in Table 2 and the index was presented in Table 3. The significant difference could be because the trained entrepreneurs have had the opportunity to develop expertise in the field of their interest in which they have established the enterprise. They can analyze the pros and consequences of establishing the enterprise. As a result, they could able to establish their enterprise better than those of the untrained entrepreneurs.

Growth and expansion of enterprise : Enterprise growth is used to describe the development process of an enterprise from small to big and from weak to strong. Enterprise growth is the process where the enterprise tends to maintain balanced and stable growth. Enterprise can grow continually, quickly and healthily. Expansion is increasing the number of units and producing more goods for the market.

When trained and untrained entrepreneurs were studied on the component of growth and expansion, the trained entrepreneurs performed well than untrained (Table 2 and 3). The significant difference in the mean score of the two groups could be attributed to the training given by RUDSETI. The RUDSETI is a well-established institute training people effectively not only to establish the enterprise but also its continual expansion.

CONCLUSION

In the changing global scenario of entrepreneurship, it was seen that entrepreneurship has contributed to the empowerment of people as a whole by making them economically independent enabling them to be self-employed and also create employment for others and supporting their families financially. There was an increase of self-confidence, self-reliance and independence of entrepreneurs due to the involvement in the entrepreneurial activities.

CONFLICTS OF INTEREST

The authors declare that they have no conflicts of interest.

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