An Empirical Study of Factors Influencing Entrepreneur: With Special Emphasis on It Industry

Dr A.Prabhu Kumar	Dr P.Sujendra Swami
Professor, School of Management Studies Jawaharlal Nehru Technological University Hyderabad Kukatpally, Hyderabad – 500 085	Associate Professor (MBA) Wesley PG College Sindhi Colony, Begumpet Hyderabad, Telangana- 500003

Introduction

Information and Communications Technology makes it easier for companies to serve the world from any place they choose. Overnight package delivery-service allows companies to get part from anywhere within a day or two so they don't necessarily need supplies to be at hand. High-speed and low-cost communication systems link companies to offices all over the world, giving even small or remote communities opportunities to compete. Therefore, just as the acquisition and application of knowledge differentiates winners from losers in business, the adoption of a global outlook will mark those communities and individuals who thrive in the next century.

Literature Review

J.B. Say has stated that it is function of the entrepreneur to rationally combine, the process of production into a new producing organization. J.S. Mill lists superintendence, control and direction as entrepreneurial functions. Superintendence: to assemble the means, turn out maximum at minimum cost and to supervise the work. Control, the flow of goods, use of finance, utilization of machinery and the activities of the - subordinates. Direction he is a goal-oriented person; he has to keep the organization constantly on the path of his objective. It is an activity of producing in present what the future will demand. Mill emphasizes managerial and administrative functions.

Organization and superintendence are major functions of an Entrepreneur. Organization building capacity is the most critical skill expected of an Entrepreneur. Bert F. Hoselits (1952) states that " a person who is to become an industrial entrepreneur must have additional personality traits to those resulting from a drive to a mass wealth.

Moclelland, like others, identified two characteristics of entrepreneurship. First 'doding things in a new and better way'. This is synonymous with the innovative characteristic given by Scheumpeter, and secondly 'decision making under uncertainty' i.e., risk as identified by Cantilion, Mocleddend, more explicitly emphasized the need for achievement or achievement orientation as the most directly relevant factor for explaining economic behaviour.

Methodology:

Objectives:

1. To study the growth of IT/Software industry in India
2. To analyze the Encouraging factors in establishing software Industry
3. To analyze the performance of IT companies in Hyderabad.

Sampling Design

The researcher has adopted the following sampling design in the study in selecting the sample Entrepreneurs, sample frame, size of the sample, method adopted in the study, source of data collection, period of study and the tools used.

Sample frame & Size:

The researcher selected 80 IT-Software units out of 600 units, located in Greater Hyderabad and Secunderabad, listed in the sample frame list of "census list of Association of hyderabad Software Exports Units". These units basically represent small units .

Sampling method

Simple random method has been used in selecting sample units from the sample frame with the help of tippet random table by taking first 75th software unit as beginning sample. All the successive sample units has been selected with an interval of 75 from one sample to anther sample (600/80).

Source of Data Collection:

The present study has been carried out by collecting both primary and secondary data.   Primary data is collected through structured questionnaire and personal interviews. Secondary data is gathered from National and International journals, books, magazines, published and unpublished Government reports, daily Newspapers, websites of Government and non-Government.

Tools used:

The researcher used statistical tools like percentages, weighted average for analysis of present study. Further, factor analysis has been done to identify the major dominant factors motivated to start the Enterprise as well as the Encouraging and Discouraging factors.

Growth Performance of Software Exports – An overview

Even two decades ago, the image of India in the world was one of country beset with poverty, unrestrained population growth and substandard competition but such an image has clearly receded into the background today due to largely to the dramatic growth in the Indian software industry. Now India is emerging Economy with techno-savvy manpower building and expensive-IT industry edifice.

The performance of Indian software exports over the years can be vividly seen from with export assignment to Tata consultancy services by Iranian Electricity generation unit in 1973-74 to provide software solution to stores and inventory control the Indian software exports service begins.

During 1970's the exports were partly and software industry was in nascent stage due to the policy of self-reliance and closed Economy regime of government of India. The exports were less than US$ 2 million during early 1970's and less than US$4 millions during late 1970's and crossed $D 4 million by 1980 and reached more than US $25 million by 1984. With the introduction of new computer policy by Rajiv Gandhi in 1984 software exports started growing. Exports has grown by leaps and bounds in value terms from US $ 0.34 million in the year 1985-86 to more than $200 million by 1992-93 and further to all time high of more than US$ 59.7 billion in 2010-11. This shows that software exports have increased more than 40 times over the period of 1985-86 to 2010-11 by compound growth rate of 30 % . As data indicate software industry exports has registered a very strong annual average growth rate of more than 40 per cent. In the boom of the mid 1990s and in late 1990s software experts grow 50-60 per cent annually (57 per cent is annual average reaching $ 7.6 billion by 2001-02.

Annual Sales and Revenues
The Indian software and services industry revenue has grown at a remarkable pace since 1990s by crossing one billion US dollars and increased reaching three billions in 1997-98 and dramatically increased to 10 billion dollars in 2001-02 within a span of four to five years. The overall IT-ITES industry revenue is estimated to have grown by leaps and boundary from 10 billion dollars in 2001-02 to 71.5 billion dollars by 2010-11.

The bulk of growth come in exports and exports continue to dominate total turnover earned by Indian software and service industry. But 1990 onwards because of boom in rupee terms exports sale crossed 50 % and by 1997-98 and it reached 60 % and within a span on four years it crosses 70 % by 2001-02.

Analysis of Encouraging factors: Analysis has been made based on the total weighted scores for each encouraging factor and the rank allotted according to scored points. The following table no. 2 reveals the scored points and ranks of all eight encouraging factors
Table 2 : Encouraging factors to establish the unit

Sl.No	Encouraging factors	preferences				Weighed Scores	Rank
		I	II	III	IV		
1	Government Policy	30	16	24	10	226	V
2	Availability of Physical Infrastructure	25	16	19	20	216	VI
3	Financial Incentives	39	20	11	10	259	I
4	Friends & family	23	12	19	36	202	VII
5	Availability of Engineers	20	11	26	23	172	VIII
6	Made Enough money	35	17	21	7	240	II
7	High Demand	41	18	20	1	228	IV
8	Single window Clearance	31	18	23	13	237	III
	Total					1780	

Source: Field Survey
Table 6.1.1 reveals that the most predominant encouraging factor to start unit is "Financial Incentives" scoring 259 out of the total weighed score of 1780 points of total 80 sample entrepreneurs. "Made enough money" is the second encouraging factor scoring 240 points and "Single Window Clearance" as third factors with 237 points. In the fourth rank "High Demand" became encouraging factor with a weighed score of 228 points following "Govern-

ment Policy" as fifth rank with 226 i.e. just two points are less. "Availability of Physical Infrastructure and "Friends and Families" as sixth and seventh rank with a weighted scores of 216 points and 202 points. The last encouraging factor to start unit which scored less points among all the eight factors is "Availability of Engineers" in the market by scoring 172 points. Therefore, it can be deduce that most important encouraging factor to start business enterprise among the sample respondents is "High Demand". The same descriptive results are further confirmed by the researcher using factor analysis in the following tables.

Table 3: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.147	64.334	64.334	5.147	64.334	64.334
2	.869	10.862	75.196			
3	.555	6.939	82.135			
4	.483	6.033	88.168			
5	.343	4.282	92.450			
6	.279	3.482	95.932			
7	.197	2.461	98.394			
8	.128	1.606	100.000			

The above total variance table indicates that initial number of factors is same as the number of variables used in the tested dimension. However not all 8 factors will be retained. In this test only 1 factor is retained since their Eigen value is greater than one i.e, 5.14. The total variance for the two factors is 64 percent, which is considered as statistically significant.

Encouraging Factors	Component
	1
Govt. Policy	.793
Availability of Physical Infrastructure	.736
Financial Incentives	.908
Friends & Family	.860
Availability of Engineers	.863
Made Enough Money	.822
High Demand	.738
Single window Clearance	.765
Table : Rotated component Table	

The above rotated component matrix reveals that the filtered single Encouraging factor is financial incentives from government making the sample entrepreneurs to establish an IT related enterprises among the given eight listed encouraging factors and proved statistically highly considerable.

Table 5 : Previous experience wise major encouraging factors

Options	Factor
Software	High demand
Business	Made Enough money
Others	Government policies

As per experience wise the revealed encouraging factors are for software people it is High Demand, for business people it is made for enough money and for others they think that it is too complicate with government policies.

Conclusion:
On the whole it is clear that Competition is the foremost discouraging factor to the entrepreneurs to establish busi-

ness unit followed by discontinuity in the financial policies of the government, and rising cost, leaving low employ-ability and political clashes in the fourth and fifth ranks. High Attrition rate, low growth in domestic market and low quality in infrastructure as   sixth, seventh and last factors respectively. However, statistical analysis proved that low growth in domestic market and low employability in entry level are the predominant discouraging factors to start an enterprise.   Further the following lines presents the dis-couraging factors according o their socio-economic back-grounds.

REFERENCE 1. Acs, Z. J., & Audretsch, D. B. (1988). Innovation in large and small firms: An empirical analysis. The American Economic Review, 78(4), 678–690. | 2. Audretsch, D. B., Carree, M. A., Van Stel, A. J., & Thurik, A. R. (2002). Impeded industrial restructuring: The growth penalty. Kyklos, 55(1), 81–97. | 3. Audretsch, D. B., Van Leeuwen, G., Menkveld, B., & Thurik, A. R. (2001). Market dynamics in the Netherlands: Competition policy and the role of small firms. International Journal of Industrial Organization, 19(5), 795–821. | 4. Bird, B. (1989), Entrepreneurial Behaviour, Scott, Foresman & Co., Glenview, IL. | 5. Birley, S. and Stockley, S. (2000), "Entrepreneurial teams and venture growth", in Sexton, D.L. and | 6. Carter, N.M., Stearns, T.M., Reynolds, P.D. and Williams, M. (1992), "The effects of industry and CII, "The Information Technology Industry in India," New Delhi, India. |