Demographic Factors as a Predictor of Entrepreneurs' Success among Small Scale Industries Owners in Selected Bangalore Rural Districts

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Abstract

The national growth and development depend on Micro, small, and medium enterprise, but still, failure persists in these industries. Therefore it is high time on behalf of the economic planners and visionaries to look into the reason for the failure. There is a need to research on parameters of an entrepreneur's success, which will lead a path to the success of industries. In India, very few research has been conducted on the success of entrepreneurs with regard to demographic factors. This paper aims at finding the determinant of the success of entrepreneurs from the demographic variables in Bangalore rural district. The descriptive research design is adopted with a sample size of 60 using a multistage sampling technique. Structures questionnaire is designed to collect that data using the survey method, and multiple regression is used to find the significance of the predictors of the success of an entrepreneur. Using the SPSS tool, it was found that the success of an entrepreneur depends on the determinant education, experience, and expertise as the P-value was less than 0.05.

Keywords: Demographic Factors, Education, Experience, Entrepreneurs' Success, Expertise

Introduction: Small scale industries constitute an important segment in India's industrial sector. The economic development of a country is positively correlated with industrial growth. Therefore the role of small scale industries leads to planned development with low investment and a high potential for employment generation. Very few studies have been conducted in Karnataka to identify the success of entrepreneurs. Some studies revealed that an entrepreneur's success depends on psychological and entrepreneurs competence without considering the essential determinant such as education, experience, and expertise. In this study, the researcher objective to identify the predictors of the entrepreneur's success among small scale industries with regard to demographic factors in Bangalore rural district. The research question considered for the study are

I.   What are the Demographic characteristics of small scale industry owners in Bangalore rural district?
II. What are the parameters of the success of entrepreneurs about demographic variables?

Literature Review and Theoretical Framework : The dimension of demographic characteristics that affect the success of an entrepreneur is discussed in this section

The success of entrepreneurs:

(**C.Cooper, Y.Woo, & C.Dun**kelberg, 1998) in their study "Entrepreneur's perceived chances for success," Entrepreneurs who are in the process of starting the firm should look for the parameters which lead to success, which helps them at a later time frame to make crucial decisions**.**

Education of Entrepreneur

(Khanduja, Singla, & Singh, 2009) in their research work found that the entrepreneurs will have strategic significance if they are technically sound, which they can get by proper education curriculum. They stressed that due to change in the business environment, the educationist must rethink on the education system and enforce creative thinking and innovation in the syllabus. With these qualities in the entrepreneur, there is the potential of employment generation in developing countries like India.

Experience of Entrpreneur

(HyungraeJo & JinjooLee, 1996) in their work found the profit tends to be high when the entrepreneurs have vast experience in the line of business. The growth of the firm depends on professional knowledge of the product, which can be obtained by previous experience related to that product or area of the company. Limited understanding of the management dimension as an entrepreneur is dangerous.

Experience of Entrpreneur

(**Reuber & Fischer, 1994)** in their study, "Entrepreneurs' experience, expertise, and the performance of technology-based firms" revealed that expertise in a particular area would enhance the performance. The study also revealed that entrepreneurs develop expertise through the experience of experimentation.

Demographic Factors and Entrepreneur's Success

(**Genty** & **Idris, 2015**) in his study revealed that quantification and empirical research are required to prove demographic factors that lead to the success of entrepreneurs. To have a strong claim on the relationship between demographic factors as a predictor of entrepreneur success requires empirical research.

(**Genty** & **Idris, 2015**) in their study found that the success of an entrepreneur depends on experience, whereas education and training undergone by the entrepreneurs may not be the significant factors that predict success. Therefore it was recommended that the work

experience of the entrepreneur could be used as the ladder to achieve success in guiding the existing entrepreneurs.

Methodology

This section brings the blueprint how the study is conducted, which includes research design, population and sample, instruments used, and method of data analysis applied to arrive at the practical solution.

Research Design: As the study is more specific and purposive to demographic characteristics and the success of an entrepreneur, the descriptive research design is used.

Sampling: The target population is the existing entrepreneurs in SSI in Bangalore rural district. As there was a constraint of time, a sample size of 60 is considered for the study. Multistage sampling is used to select the sample which represents the entire population

Instrument A well-structured questionnaire was used for the study. The instruments used were relevant to the study, which measured the dependent variable success of entrepreneurs and the dependent variables demographic factors. The device was divided into two sections; the first sections comprised questions on the demographic variables, whereas the second section covered issues on entrepreneur success determinants. A five-point Likert-scale was used to measure the success dimension of the entrepreneur. The reliability of the questionnaire is determined using SPSS with a Cronbach's alpha value of 0.82, which indicates that the instrument is reliable.

Method of Data Analysis The data collected through the questionnaire are analyzed using descriptive statistical tools for demographic variables. At the same time, the stated hypothesis is tested using multiple regression, which examines the significant relationship between variables under study. The statistical tool Multiple linear regression is used to test the stated hypothesis.

Hypothesis:

H0: There is a linear relationship between the success of the entrepreneur and the education, experience, and expertise of the entrepreneur.

Data Analysis and Result

The Table depicts the demographic characteristics of respondents. The demographic variables considered are age, Education, Marital Status, Family Background, and Experience. Out of 60 respondents, 35% of the respondents are aged between 51 to 60 years, whereas only 5% are aged between 21 to 30 years, which is a tiny proportion. Most of the entrepreneurs responded are middle-aged. The education of entrepreneurs will have a significant impact on the success of the industry. It is evident that 50% of the respondents are technically sound, which helps the industry to grow, whereas IT Professional trains only 5%. As most of the

respondents are middle-aged, there is correlational with marital status. The majority of the respondents that is 70%, are married, whereas 10% are divorced. Family Background is another determinant that determines the thinking and knowledge about Professions. 55% of the respondent's family background is business, and only 10% are self-employed. The experience of a person in any area of specialization will help to make a proper decision in adverse conditions. According to the Table, 75% of the respondents have 3 to 8 years of experience as an entrepreneur, whereas only 1.7% have experienced more than 36 years.

Table 1: Demographic variables of respondents

Demographic variables		Frequency	Percentage
Age	21-30	3	5.0
	31-40	9	15.0
	41-50	18	30.0
	51-60	21	35.0
	61-70	9	15.0
Education	General	27	45.0
	Technical	30	50.0
	Training By ITs	3	5.0
Marital Status	Single	12	20.0
	Married	42	70.0
	Divorced	6	10.0
Family Back Ground	Agriculturist	15	25.0
	Trade	33	55.0
	Self Employment	6	10.0
	Service	6	10.0
Experience In SSI	3-8 Years	45	75.0
	9-17 Years	9	15.0
	18-26 Years	3	5.0
	27-35 Years	2	3.3

	36 Years and Above	1	1.7

Source: Field Survey, 2019

To test the hypothesis that the success of entrepreneurs success of SSI owners in Bangalore rural district about the demographic characteristics, a five-point Likert scale is considered on the determinants of success such as Increase in sales, production, and profit, Increase in profit percentage, Increase in sales compared to Previous years and Increase in the number of employees. The opinion of 60 respondents is recorded, and the average responses of determinants are considered for further analysis. In this study, the dependent variable is measured as an entrepreneur's success, and the independent variables are education, experience, and training of entrepreneurs. The descriptive statistics of the parameters of the hypothesis is depicted in the Table below.

Table 2: Descriptive statistics

Parameters	Mean	S.D	N
SUCESS	3.9333	.95432	60
EXPERIENCE	3.4333	1.54445	60
TRAINED	3.9000	1.16007	60
EDUCATION	3.9667	.99092	60

From the model summary table, it is evident that R=0.909 indicates a positive correlation between the success of the entrepreneur and the experience, education, and expertise of owners of SSI. The R^2 value indicates the contribution of the effect of independent variables education, experience, and experience on the dependent variable success. In this case, 82.6% can be explained, which is a very high value.

Table 3: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.909[a]	.826	.817	.40838	2.048

From the ANOVA table, it is evident that the regression model statistically predicts the outcome variable that is the success of the entrepreneur as the p-value is less than 0.05. Therefore we can conclude that the relationship between the success of entrepreneurs and experience, education, and expertise is significant.

Table 4: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	44.394	3	14.798	88.732	.000[b]
Residual	9.339	56	.167		

Total	53.733	59				

The Coefficient Table predicts the success of entrepreneurs from the demographic variables education, experience, and expertise. From the Table, the education, experience, and expertise contribute statistically to Succccccess of entrepreneurs as P-value is less than 0.05.

Table 5: Coefficient

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.644	0.225		2.862	0.006
EDUCATION	0.1	0.043	0.162	2.322	0.024
EXPERIENCE	0.249	0.122	0.303	2.047	0.045
EXPERTISE	0.498	0.151	0.517	3.292	0.002

The prediction equation for the model is

Y(Success of Entrepreneur)=.644+0.1 (Education)+0.249(Experience)+.498(Expertise)

For every unit of education achieved, it will lead to increase of 0.1 entrepreneurs success, for every 1 unit experience, it will lead to 0.249 in entrepreneurs success and for every unit of expertise possessed by the entrepreneurs lead to an increase of 0.498 in entrepreneurial success

Conclusion

From the study and analysis, it has found that the three demographic factors education, experience, and expertise are predictors of entrepreneur success. Education determinant showed a significant impact on the success of entrepreneur which in turn affect getting knowledge in a particular area
Of specialization . with proper education and expertise, the experience will impact hugely on the success of an entrepreneur. It is found from the study that all three determinants are significant in the entrepreneur's success. This study will lead a direction for further studies in determining the success of entrepreneurs in small scale industries with regard to personal qualities and competence.

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