# EFFECT OF SOCIO-ECONOMIC STATUS ON ATTITUDINAL COMPETENCY OF ENTREPRENEURS IN CHENNAI CITY



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## Abstract

The purpose of this research is to empirically ascertain the status of attitudinal competencies and their relationship with socio-economic characteristics of entrepreneurs of SMEs (Small and Mediaum Enterprises) in Chennai city. This study was conducted among 150 SMEs owner in Ambattur industrial area of Chennai city. The data were collected by survey method using interview schedule. The collected data were subjected to descriptive analysis, correlatin analysis and canonical correlation analysis. From the inferences of the results of the analysis, it is found that attitudinalcompetencies in respect of all aspects except in terms of deailing with failures have been at good level. The concern for high quality tend to be low among the entreprenuers of high self-confidence.

**Keywords** - Entrepreneurial competencies, Small and Mediaum Enterprises,

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## Introduction

An entrepreneurship is the capacity and willingness of a person, called entreprenuer, to develop, organize and manage a business joint venture in order to earn money. The entrepreneurship means different things to different people as type and nature of business varies from person to person. The entrepreneurship has traditionally been defined as the process of designing, launching and running a new business, which typically begins as a small business, such as a startup company, offering a product, process or service for sale or hire. So, an entrepreneur is someone who can take any idea, whether it be a product and / or service, and have the skill set to not only bring the product and / or service to market but also make it a viable to the people's wants or needs, But, many entrepreneurs tend to face many problems in running their enterprises efficiently and profitability for the reasons unknown. However, the problems in running the business may be due to lack of attitudinal competency of the entreprenuers which is likely to be determined by their socio-economic characteristics. Hence, in this article an attempt is made to evaluate the status of attitudinal competency and its relationship with socio-economic characteristics of the entrepreneurs.

## Attitudinal Competency

Attitudinal Competence is the ability to select, maintain or adapt one's best attitudes for the present. It also means to not adopt habitual attitudes unless they are both useful and appropriate for the current situation. Attitudinal competence is a learnable skill and not an inborn capability. As attitudinal competencies are learnable skills, they are affected by socio-economic status of a person.

## Review of Literature

According to Brophy and Kiely (2002), entrepreneurial competencies include both attitudes and behaviours, which enable entrepreneurs to achieve and maintain business success. Specifically, entrepreneurial competencies are theentrepreneur's motives, traits, selfimage, attitudes, behaviours, skills, and knowledge [1].

Panda (2002) conducted an empirical research in four Indian states on industrial units under small-

scale sector to explain the relationship that exists among various socio-economic variables with different success levels among the enterprises. He has found that there are associations between the success levels of an enterprise with factors like technical education of the entrepreneur, occupational background of parents, previous background of the entrepreneur and capability to arrange working capital [2].

Nair and Pandey (2006) have examined the socio-economic and attitudinal characteristics of entrepreneurs of Kerala on the basis of primary data. Their results have indicated that business acumen neither runs in families nor was there any evidence that religion had an impact on entrepreneurship. The economic status of the family, age, technical education / raining and work experience in a similar or related field favored entrepreneurship. In comparison to the rest of the population, entrepreneurs tend to be more innovative in their attitude, but did not have greater faith in the internal locus of control [3].

Thapa et al (2008) have exposed many facts concerning the socioeconomic and motivational factors affecting street entrepreneurship. They have found that size of initial investment, number of workers, family business and promising demand of product/ services were some of the major determinants of street entrepreneurial success among many socio-economic and motivational factors [4].

As observed by Brinckmann (2008), entrepreneurial competencies are seen as important to business growth and success, and, an understanding of the nature and role of such competencies can have important consequences for practice. Yet, despite the supposed importance of entrepreneurial competencies, the discussion of competencies in the entrepreneurial literature is in its early stages [5].

Vidhya. B, M. Ramesh (2018) identified the influence of socio-economic and cultural status of women entrepreneurs on opportunities available for development and challenges faced by them in organized retail sector at Chennai, Tamilnadu. Quota sampling technique was used to collect data from 200 respondents. Analyses such as descriptive statistic, chi-square, MANOVA and regression analysis was done to establish the effect of socio-economic and cultural factors of women entrepreneurs on opportunities available for development and challenges faced by them in retail business. Based on the analysis, it is found that there is a moderate level of opportunities available for women entrepreneurs to develop in their retail business. Besides, they were facing high level of challenges to succeed in their retail business [6].

Yasir Alfarsi (2021) examined the effect of entrepreneurial competencies (innovation, leadership, networking and risk-taking) on the survival of SMEs in KSA. The literature review evaluates the relationship between each of the entrepreneurial competencies and their effect on survival of SMEs worldwide. We have opted to adopt a descriptive research design. The findings reveal that entrepreneurial competencies (innovation competency, leadership competency, networking competency and risk-taking competency) of the SME owners/managers (entrepreneurs) have a positive and significant effect on the survival of SMEs in KSA. The study recommends SMEs should embrace innovation competency as a means of enhancing survival and leadership competency which is the key aspect for both survival and performance [7].

## Objectives of the Study

The following are the objectives for the present research work:

1. To evaluate the status of attitudinal competency among backward community entrepreneurs.
2. To ascertain the relationship between socio-economic characteristics and attitudinal competency of the backward community entrepreneurs.

## Methodology

The present study attempts to evaluate the status of attitudinal competency and its relationship with socio-economic characteristics of the entrepreneurs. The study is mainly based on primary data, which are the opinion of the entrepreneurs of small and medium enterprises in Ambathur region of Chennai, collected by survey method using interview schedule. The collected primary data include 9 socio-economic

variables and 7 attitudinal competency aspects (factors) such as, concern for high quality, self-confidence, locus of control, dealing with failures, tolerance for ambiguity, self-esteem and performance. Each one of seven attitudinal competency factor is measured using 5 statements with 5-point Likert scale. The scale value ranging from "strongly disagree", "disagree", "neither disagree nor agree", "agree" to "strongly agree". The above qualitative values are converted to qualitatively from 1 to 5 for "strongly disagree" to "strongly agree" respectively.

In the entrepreneurial population of the study region, there were 1007 registered entrepreneurs. For the survey, 15 percent of the total sample population were selected using stratified random sampling technique, in turn leading to the sample size of 151, which is rounded off to 150. The interview schedule was administered to all the selected respondents directly by the researcher. Due to persistent requests all the selected respondents have responded very well to all the items in the interview schedule. Thus, the total sample size for the study is 150.

The collected data were first subjected to descriptive analysis in order to ascertain the status of attitudinal competency among the entrepreneurs. The simple correlation analysis among the 7 constructs of attitudinal competencies was run to find out intra-relationships among them. The relationship between socio-economic characteristics and attitudinal competencies is analyzed using canonical correlation analysis.

As the responses of respondents in the sample is obtained using 5-point scale ranging from 1 to 5 for 'strongly disagree' to 'strongly agree', the level of opinion of a group of respondents or entire respondents in the sample is considered to be 'strongly disagree', 'disagree', 'neither disagree nor agree (neutral)', 'agree' and 'strongly agree', if sum scores of the statements under each construct (aspect / factor) is "< 5", ">= 5 and < 10", ">= 10 and < 15". ">= 15 and < 20" and ">= 20" respectively.



**Results and Discussion**

Table I shows the results of the descriptive analysis. The table reveals that there had been an agreement among the sample respondents with all seven attitudinal competency aspects, but the level of agreement with tolerance for ambiguity is more followed by the level of agreement with self-confidence, concern for high quality and self-esteem. Though at agreed levels, the respondents have obtained low scores for dealing with failures and performance. From 95 percent confidence level, it is apparent that the attitudinal competency in respect of dealing with failures is likely to vary between moderate and high level whereas other competencies are always at good level 95 per cent of the time if any further survey of similar kind is carried out in the current population of entrepreneurs.

**Table I: Correlation among Attitudinal Competency Variables**

| Attitudinal Competency Variables | | Mean | SD | 95% CI | |
|---|---|---|---|---|---|
| | | | | Lower | Upper |
| CFHQ | Concern for High Quality | 17.69 | 1.87 | 17.39 | 18.00 |
| SLFCONF | Self Confidence | 17.81 | 2.11 | 17.47 | 18.15 |
| LOCUS | Locus of Control | 16.61 | 1.89 | 16.30 | 16.91 |
| DWFAIL | Dealing with Failures | 15.39 | 2.58 | 14.97 | 15.80 |
| TFA | Tolerance for Ambiguity | 19.17 | 2.28 | 18.80 | 19.53 |
| SELFEST | Self Esteem | 17.17 | 1.79 | 16.89 | 17.46 |
| PERF | Performance | 15.91 | 1.99 | 15.58 | 16.23 |

So, it is concluded with 95 percent confidence that the entrepreneurs in Chennai possess high tolerance for ambiguity along with concern for high quality, self-confidence and self-esteem. Also, their attitudinal competency in terms of locus of control and performance has also been at good level. But their attitudinal competency in dealing with failures is low compared to other competencies.

Table II is shown with correlation analysis results eliciting the relationship among seven attitudinal competency aspects.



**Table II: Correlation among Attitudinal Competency Variables**

| Attitudinal Competency Variables | CFHQ | SLFCONF | LOCUS | DWFAIL | TFA | SELFEST | PERF |
|---|---|---|---|---|---|---|---|
| CFHQ | 1.0000 | | | | | | |
| SLFCONF | -0.1678* | 1.0000 | | | | | |
| LOCUS | 0.1805* | 0.0010 | 1.0000 | | | | |
| DWFAIL | 0.0691 | -0.0514 | -0.0416 | 1.0000 | | | |
| TFA | 0.2306** | 0.1906* | 0.1168 | 0.1360 | 1.0000 | | |
| SELFEST | 0.2188** | -0.0640 | 0.0742 | 0.2865** | 0.1560 | 1.0000 | |
| PERF | 0.0372 | 0.0976 | 0.1508 | 0.0123 | 0.0861 | -0.0708 | 1.0000 |

*Significant at 10% level; **Significant at 5% level; ***Significant at 1% level

A perusal of the table shows that there is a significant negative relationship between CFHQ (Concern for High Quality) and SLFCONF (Self confidence) ($r = -0.1678$, $p < 0.01$). Except this, the correlation of CFHQ with LOCUS (Locus of control) ($r = 0.1805$, $p < 0.05$), TFA (Tolerance for ambiguity) ($r = 0.2306$, $p < 0.01$), SELFEST (Self Esteem) ($r = 0.2188$, $p < 0.01$), correlation of SLFCONF with TFA ($r = 0.1906$, $p < 0.05$), and correlation of DWFAIL (Dealing with failures) with SELFEST ($r = 0.2785$, $p < 0.01$) is positive and significant. From the correlation results, it is understood that the concern for high quality tend to decline when there has been an increase in self confidence and vice versa.

The relationship between all seven attitudinal competencies and nine socio-economic characteristics of the respondents, viz., age, religion, community, marital status, family type, technical education, general education, nature of origin (migrant or native of Chennai) and previous occupation, is ascertained by multivariate statistical technique - canonical correlation analysis. The canonical correlation first calculates the canonical function which is the correlation between dependent and independent canonical variates (latent constructs of variables in each set). The number of canonical function calculated by the canonical analysis is equivalent to the number of variables in the minimum data set. The number of socio-economic variables included in the analysis is nine and attitudinal competency aspects is seven. So, there will be seven canonical correlation functions (correlation between seven pairs of canonical variates of the variables in both sets) produced by the analysis. Table III presents the canonical correlation functions along with estimated parameters for statistical significance.

As per the table, two canonical functions out of seven obtained from the analysis are significant. However, the level of significance is one per cent for the first and 5 per cent for the second function, in turn indicating that the strength of relationship is much higher between first pairs of canonical variates (Wilks' $\lambda = 0.4915$, $\chi^2 = 99.80$, $p < 0.01$). At the same time, canonical 'r' and shared variance (canonicl $R^2$) are higher for both functions.

**Table III: Chi-Square Tests with Successive Roots Removed testing Significance of Canonical Correlation between "Attitudinal Dimensions and "Demographic Characteristics"**

| Canonical Function | Canonical R | Canonical $R^2$ (Eigenvalue) | $\chi^2$ | df | p-Value | Wilks λ |
|---|---|---|---|---|---|---|
| 1 | 0.4684 | 0.2194 | 99.80 | 63 | 0.0022 | 0.4915 |
| 2 | 0.4140 | 0.1714 | 65.00 | 48 | 0.0506 | 0.6296 |
| 4 | 0.3699 | 0.1368 | 38.58 | 35 | 0.3109 | 0.7599 |
| 5 | 0.2756 | 0.0759 | 17.92 | 24 | 0.8070 | 0.8803 |
| 6 | 0.1631 | 0.0266 | 6.82 | 15 | 0.9625 | 0.9526 |
| 7 | 0.1347 | 0.0181 | 3.03 | 8 | 0.9326 | 0.9787 |

Source: Primary Data

The significant canonical correlation between first and second canonical variate pairs has strongly reveled the multivariate relationship between socio-economic characteristics and attitudinal competencieis among entrepreneurs in Chennai. Hence, first two functions are considered for identifying the variables of importance in causing relationship between attitudinal competencies and socio-economic characteristics based on canonical loadings.

The canonical loadings are nothing but correlation of variables with their respective canonical variates. That is, correlation of dependent variables with dependent variates and independent variables with independent variates. The canonical loadings is similar to that of factor loadings in factor analysis. Hence, canonical loadings is 0.40 and above for any variable, then the variable is considered as the variable having relationship with other such variables in the opposite set.

Table IV is given with canonical loadings. As given in the table, the first canonical variate of the dependent variables is loaded (correlated) highly by self-esteem followed by concern for high quality and performance, all with negaive signs. The dependent canonical variate of the second function is very highly and positively loaded by locus of control.

**Table IV: Variables' Loadings (Factor Structure Matrix) with Canonical Function – Attitudinal Competencies Vs Socio-Economic Chracteristics**

| Variables | Canonical Loadings | |
|---|---|---|
| | First Function | Second Function |
| **Attitudinal Dimensions** | | |
| Concern for High Quality | **-0.4854** | 0.3515 |
| Self Confidence | 0.0635 | **-0.4124** |
| Locus of Control | 0.2395 | **0.8133** |
| Dealing with Failures | -0.2362 | 0.2649 |
| Tolerance for Ambiguity | 0.1575 | 0.2155 |
| Self Esteem | **-0.5834** | **0.4154** |
| Performance | **-0.4377** | 0.0199 |
| **Demographic Characteristics** | | |
| Age | 0.3050 | 0.0903 |

| | | |
|---|---|---|
| Religion | -0.1174 | **-0.4517** |
| Community | **0.6500** | **-0.6108** |
| Marital Status | -0.3552 | -0.0806 |
| Family Type | 0.0905 | 0.0584 |
| Technical Education | -0.0035 | -0.1929 |
| General Education | -0.1750 | **-0.4291** |
| Origin | **0.5062** | 0.3124 |
| Previous Occupation | 0.2751 | 0.2041 |

Source: Primary Data

On the other hand, community and nature of origin (Native / migrant) have positive loadings with independent canonical variate of the first function while the second independent canonical variate is highly and negatively loaded by community. From this picture, it is found that the low level of attitudinal comptency in respect of self-esteem is associated with backward community entrepreneurs who are migrated to Chennai for running business. It is also found that the attitudinal competency in terms of locus of control is low among backward community entrepreneurs of Hindu religion when educational level is low.

## Conclusion

This article has focussed on empirically evaluting the status of attitudinal competencies and their relationship with socio-economic characteristics of entreprenuers of SMEs in Ambattur industrial area of Chennai city based on the survey data. The collected data were subjected to descriptive analysis, correlatin analysis and canonical correlation analysis. From the inferences of descirptiveanalysis results, it is understood that all attitudianlcompetentcies except deailing with failures have been at good level. It is concluded that the entrepreneures' concern for high quality islow when their self-confidence is high and vice versa. There is multivariate relationship between attitudinal competencies and socio-economic characteristics of the entrpreneurs. The self-esteem level is low for the entrepreneurs of backward communities who are migrated to Chennai. Also, the less educated Hindu backward community entreprenuers possess low locus of control. In general, the entreprenuers in Chennai city have good attitudinal competencies and there is significant multivariate relationship between their attitudianalcompetencieis and socio-economic characteristics.

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