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## Research Paper

## FACTOR INFLUENCING ENTREPRENEURIAL DEVELOPMENT IN ODISHA: AN EMPIRICAL STUDY

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### ABSTRACT

**T**his paper aims empirically examine the attitude and behavioural perception of entrepreneurial development in Odisha, and identify the dilemmas for determining to instigate a new venture. The study builds on existing literature and utilise these to identify the determinant variables. Primary data collected from 120 existing entrepreneurs, selected randomly and distribute questionnaires to access the determinant problem. The study further reveals that there exists a strong positive correlation between factor and determinant variable.

**KEY WORDS:** *Entrepreneurship, Behaviour, Development*

### INTRODUCTION

Enterprise is a crucial engine of a country for its economic growth. Entrepreneurship is increasingly recognized as an important driver of fiscal growth, productivity, innovation and employment, and it is widely accepted as a key aspect of economic dynamism. As per the Global Entrepreneurship Index 2017 India ranked 69 position, to regiment this Govt. Of India launches several initiatives scheme to boost entrepreneurship for every communities in the society. Start Up India, Stand Up India, Make in India to Made in India these all concept are formulate to empowering risk takers towards entrepreneurship. India is very much popular for Jugad concept which mean finding cost effective alternative way to solve the problem, which indicates the mode of innovation.

Despite the initiative taken in the successive entrepreneurship in Orissa is not at par with the national and international standards. An enterprise enabling polity need to be leveraged to realize the full potential of entrepreneurship. The new wave of industrialization being witnessed in Orissa today, especially in the metal, power, cement, petro-chemical, IT, tourism sector and the current growth in the services sector provide enormous opportunity for the growth entrepreneurship.

The present study identified the major determinant factor to minimise the dilemma of an entrepreneur to start a new venture. It elaborate a systematic way to selecting to strengthening a successful entrepreneurship.

### REVIEW OF LITERATURE

Mwatsika (2015) in the paper "Entrepreneurship development and entrepreneurial orientation in rural areas in Malawi" has empirically investigated sustainable economic development leads enrichment of poverty and inclusive growth in two rural area of Malawi.

Bosma (2000) conducted a study "Determinant of successful entrepreneurship" to empirically identify the determinant of an entrepreneur on the basis of capital requirement. In this study he segregated the capital requirement under three parameters like Human, Financial and Social capital. He suggested that one should consider these parameter before starting a venture. Again he empirically illustrate relationship between these parameter with Profit, Employment and Duration of the venture is running. Chong and luyue (2014) "The financing challenges of start-ups in china" In this study they explain the problem of financing, faced by Small and Medium Enterprises in china. The total numbers of entrepreneur taken in this study are demographically bifurcated by rural, urban, small, medium and education wise, it again tested that Venture Capitalist are more interested to invest in medium and urban areas enterprise than rural and small, due to less profit generation. Sharifi and hussin (2015) In the article entitled as "Understanding the financing challenges faced by start-ups in India" has elaborate the major difficulties faced by a startup, he gives more emphasis on funding problem in India for which Indian startup company starts and ends with a day dream. Sarkar (2014) in the paper "Determinant of success factor of



women entrepreneurs in Bangladesh - A study based on Khulna region". This study conducted for finding out various determinant aspect of women entrepreneurship in Khulna region. He taken 150 women entrepreneur to finding out the entrepreneur perception through a structured questionnaire, containing 25 variables. After analysing the data through SPSS factor analysis 6 factors have identified.

## THEORETICAL BACKGROUND OF THE RESEARCH

Self-employment consciousnesses among youth are increasing and they are less likely to rely on parents or wait for opportunities. Instead, they tend to take initiative to look for new chances for themselves. Problem, challenges and difficulties are there but initiatives, innovative, risk taking attitude empower a common man as a successful entrepreneur. There are several important variables which directly or indirectly influenced entrepreneurship namely accessing finance, market survey, available infrastructure and external environment that influencing all success of an entrepreneurship. Some of the technical variables which affect entrepreneurship are discussed below.

### Angel financing:

An Angel Investor is a person or an organisation that provides financial backing to start ups with a spirit of helping rather than reaping huge profit from their investment. The capital they provide can be a one-time injection of seed money or ongoing support to carry the company through difficult times. Their focus is not on the viability of the business but on the novel idea and zeal of the start up entrepreneur.

Some notable Angle Investors :

Mr. Sharad Sharma (former CEO Yahoo! India R&D),  
Rajan Ananda (former MD, Google India and Microsoft India)  
Anupam Mittal (owner of Shadi.com),  
Kunal Behel (Founder & CEO of Snapdeal )

### Debt financing:

Debt financing occurs when a firm raises money for working capital or capital expenditures by selling bonds, bills or notes to individuals and/or institutional investors. In return for lending the money, the individuals or institutions become creditors and receive a promise the principal and interest on the debt will be repaid. The other way to raise capital in the debt markets is to issue shares of stock in a public offering; this is called equity financing.

### Credit guaranties:

Any collateral third party guarantee free credit facility (both fund as well as non fund based) extended by eligible institutions, to new as well as existing Micro and Small Enterprise, including Service Enterprises, with a maximum credit cap of Rs.100 lakh are eligible to be covered. The guarantee cover available under the scheme is to the extent of 75% to 80% of the sanctioned amount of the

credit facility, with a maximum guarantee cap of Rs.62.50 lakh / Rs. 65 lakh. The extent of guarantee cover is 85% for micro enterprises for credit up to Rs.5 lakh.

### Business vacuum:

In competitive market nothing is monopoly. Innovative thought discover the test of consumer and create business vacuum which generate a new form of business.

### Patent system:

Patent is the Intellectual Property Right, to protect the innovative ideas of entrepreneurs. India govt strengthen the patent system to encourage the new entrepreneurs for there forward step.

### Incubators :

Incubators support the business in initial planning and mentoring which include recruitment of their key team, commercializing technologies, product development , resource mobilization and capacity building through training & development. Some notable Incubators:

- CIIE (Centre for Innovation Incubation and Entrepreneurship setup by IIM Ahmedabad)
- IAN Incubator (established with the support of National Science and Technology Entrepreneurship Development Board)
- NSRCEL (Nadathur S Raghavan Centre for Entrepreneurial Learning of IIM Bangaluru)
- SINE (Society for Innovation and Entrepreneurship, hosted by Indian Institute of Technology , IIT Bombay)
- The Amity Innovation Incubator

## OBJECTIVE OF THE STUDY

The objective of the study is to identify the factors of determinant behind the success of an entrepreneurship in Odisha.

## METHODOLOGY

- **Data Source and method of data collection:** The study has been conducted mainly on primary data collected through our own developed questionnaire with 5 point likert scale. The questionnaires consists of 21 statements were distributed among the 120 respondents selected through random sampling from existing entrepreneur in Odisha.
- **Sample design:** A total of 150 sets of questionnaires were distributed among the respondents of which 120 questionnaires were included for being complete in all respect.
- **Data Analysis:** Data has been analyzed by SPSS software 21.0. Statistical tools like factor analysis have been used to interpret data.

Table 1.1 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.574
Bartlett's Test of Sphericity	Approx. Chi-Square	707.757
	df	210
	Sig.	.000

Table 1.1 Kaiser-Meyer-Olkin is a measure of sampling adequacy. From table 1.2 it is clear that Kaiser-Meyer-Olkin measure of sampling adequacy is 0.574, which is greater than the required 0.5 for a satisfactory factor analysis to proceed. The approximate chi-square value is 707.757 with 210 degrees of freedom which is also high. So it can be said

that factor analysis is appropriate here as it fulfills the requirement to proceed. In the case of Bartlett's Test of Sphericity, the observed significance level is .000, which means the relationship among variables is strong. Hence, the data set complies with the requirements of the factor analysis.

**Table 1.2: Communalities for determinants of entrepreneurship**

Variables	Initial	Extraction
Trade experience	1.000	.323
Domestic market public procurement	1.000	.409
Desire for ownership	1.000	.726
Risk taking behaviour	1.000	.578
Educational experience	1.000	.638
Technological co-operation between firms	1.000	.518
Patent system and standard	1.000	.669
Ancestral Property	1.000	.701
Curiosity	1.000	.746
Fiscal environment	1.000	.683
Angle Financing	1.000	.659
Legal framework	1.000	.676
Own Capital	1.000	.629
Market assistance	1.000	.669
Innovativeness	1.000	.584
Business vacuum	1.000	.502
Subsidised govt Financing	1.000	.650
Formal training	1.000	.393
Credit guarantees	1.000	.551
Incubators	1.000	.592
Debt Financing	1.000	.470

From Table 1.2 it is found that the variance of 21 variables of favourable components to determinants of entrepreneurship ranges from 0.323 to 0.746. This implies that the favourable component of determinants varies from

32% to 74%. The upper limit of the variance is statically significant and as the implication of properly segregated predominant factors as expressed in the table below.

**Table 1.3 Total Variance Explained for favourable determinants of entrepreneurship**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.615	17.215	17.215	3.615	17.215	17.215	2.725	12.976	12.976
2	2.391	11.384	28.599	2.391	11.384	28.599	2.263	10.774	23.750
3	2.025	9.644	38.242	2.025	9.644	38.242	2.046	9.741	33.491
4	1.754	8.353	46.595	1.754	8.353	46.595	1.864	8.878	42.369
5	1.317	6.269	52.865	1.317	6.269	52.865	1.846	8.788	51.158
6	1.263	6.016	58.881	1.263	6.016	58.881	1.622	7.724	58.881
7	1.134	5.399	64.280						
8	1.103	5.254	69.534						
9	.976	4.649	74.183						
10	.790	3.763	77.946						
11	.727	3.463	81.409						
12	.631	3.005	84.414						
13	.567	2.699	87.113						
14	.491	2.336	89.449						
15	.472	2.248	91.697						
16	.435	2.070	93.768						
17	.357	1.698	95.465						
18	.318	1.514	96.979						
19	.260	1.237	98.216						
20	.227	1.082	99.298						
21	.147	.702	100.000						

Extraction Method: Principal Component Analysis.

From Table 1.3 it can easily be seen that only 6 factors have eigen value greater than 1. So these 6 factors from 21 variables have been constructed for analysis. And these first 6 factors combined account for 58.81 % of the total variance. Factor 1 accounts for a variance of (3.615/21) .17215 or 17.21% of total variance. Factor 2 accounts for

(2.396/21) 11.38% of total variance. Factor 3 accounts for (2.025/21) 9.60% of total variance. Thus Factor 4, factor 5, factor 6 accounts for 8.35%, 6.26%, 6.01% respectively of total variance. The Rotation Sum of Squared Loading gives the variances associated with the variables are not explained unless all the factors are retained.

**Table.1.4 Rotated Component Matrix Identified determinant factor of correlated variables**

FACTORS	ATTRIBUTES	COMPONENTS					
		1	2	3	4	5	6
Access to Finance	Own Capital	.736	-.077	-.087	-.025	-.012	-.271
	Ancestral Property	.679	-.211	-.183	.217	-.260	.070
	Angle Financing	.590	-.204	.214	-.049	-.020	-.179
	Debt Financing	.575	-.140	.549	.128	.155	-.092
	Subsidised govt Financing	.526	-.307	.054	.488	.106	.162
Knowledge Creation and Diffusion	Credit guaranties	.188	-.677	-.088	.113	-.031	.187
	Educational experience	-.165	.632	.398	.086	.058	.271
	Formal training	-.027	.620	-.130	.265	-.167	.038
Market survey	Trade experience	.039	.616	-.100	.044	-.050	.116
	Market assistance	.164	.186	.685	-.220	-.241	.041
	Business vacuum	-.092	-.217	.551	.016	.069	.171
Technology and infrastructure	Domestic market public procurement	-.028	.063	.519	-.071	.042	-.206
	Patent system and standard	.015	.001	-.296	.746	.057	.144
	Technological co-operation between firms	.249	-.170	-.044	-.604	.245	.010
Entrepreneurship attitude	Incubators	.216	.237	.086	.581	-.099	-.365
	Innovativeness	.040	-.175	-.169	-.104	.699	-.154
	Risk taking behaviour	.380	-.003	.099	-.179	.616	.109
	Desire for ownership	-.298	-.088	.438	.326	.536	.211
Regulatory framework	Curiosity	-.473	-.196	-.304	-.063	-.492	.381
	Fiscal environment	.042	.280	-.003	.028	.001	.771
	Legal framework	.310	.330	-.016	-.016	.414	-.553

Table 1.4 signify six factors of determinant of a successful entrepreneur subsequently respective factor loading of different variables are shown. 21 variables clubbed under six factor by factor analysis through SPSS 24. All variables and its corresponding factor are interpreted as under:

#### Factor 1: Access to Finance

Factor 1 (access to finance) describes 6 sub factors with its factor loadings which are significant namely, 'Own capital' (0.736), 'Ancestral Property' (0.679), 'Debt financing' (0.575), 'Subsidised Govt. Financing' (0.526), 'Angel Financing' (0.590), 'Credit guaranties' (0.188).

#### Factor 2: Knowledge creation and diffusion

Knowledge creation and diffusion is the second factor of determinant of entrepreneurship under this factor three significant sub factor and there factor loading were identified educational experience (0.632), Formal training (0.620), Trade experience (0.616)

#### Factor 3: Market survey

Factor 3 explains the importance market survey before starting an entrepreneurship. It has three major sub factor with factor loading were found to be significant market assistance (0.685), business vacuum (0.551), domestic market procurement (0.519)

#### Factor 4: Technology and infrastructure

Technology and infrastructure is the fourth most important factor of determinant of entrepreneurship. Three sub factor found as significant patent system and standard (0.746), incubators (0.581) and one sub factor found to be insignificant Technological cooperation between firms (-0.604)

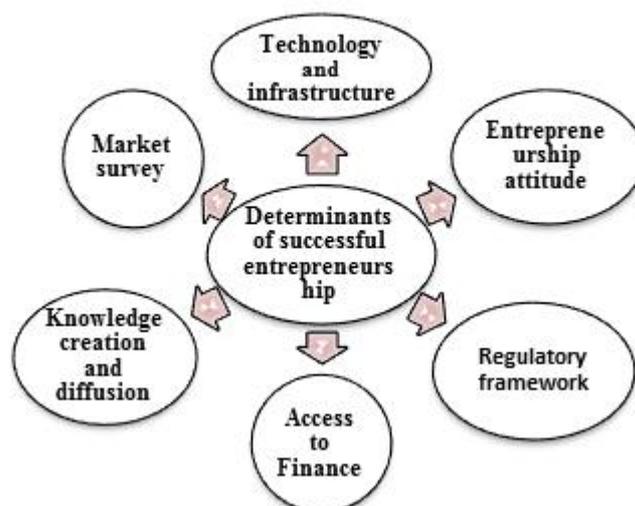
#### Factor 5: Entrepreneurship attitude

The entrepreneurship attitude is the fifth factor of the study out of four sub factor three were found to be significant innovativeness (0.699), Risk taking behaviour (0.616), Desire for ownership (0.536) and curiosity found as insignificant (-0.492)

#### Factor 6: Regulatory framework

The regulatory framework was found to be the last factor of determinant of entrepreneurship out of two sub factor fiscal environment (0.771) found as significant and legal frame work (-0.553) found as to be insignificant.

Figure 1.1 Factors for determining a successful entrepreneurship



Source: Compiled from review literature

## FINDINGS

1. Most of the entrepreneur have the dilemma to select the source of finance who do not have own finance or ancestral property.
2. Subsidised government financing is the first preference source of finance for Startups, which is not sufficient and time consuming process.
3. Some autonomous institution like NIESBUD, NSDC under the ministry of skill development & entrepreneurship to train the intend entrepreneur.
4. Two incubation centre namely Trident business incubator and KIIT business incubator located in Orissa to promote new ideas.
5. Risk taking attitude, desire for being an owner, curiosity for developing new ideas and learn form failure are important attitude for the success of an entrepreneurship
6. Fiscal environmental changes and legal framework are the major aspect, an entrepreneur should be aware about.

## CONCLUSION

This study has attempted to identify those factors which are contributing to their way of success. From 21 factors 6 sub factors have been selected by conducting factor analysis as significant for their success. Namely, Access to finance, knowledge creation and diffusion, market survey, technology and infrastructure, entrepreneurship attitude, regulatory framework. Besides this the study has also revealed that there is no significant relation among the age differential of entrepreneur and the factors of success. This study may have implications for educators, counsellors, policy makers and trainers and also for the entrepreneurs. This study can be used for further analysis of how much significant those factors are for women entrepreneur success.

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