

Effect of Entrepreneur's Characteristics on Entrepreneurial Orientation: A Special Reference to Retail Business Entrepreneurs in Batticaloa District

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Abstract- The main purpose of this research study was to assess the personal characteristics influencing on entrepreneurial orientation on retail shops. Five specific objectives form the study and these were: to study on the impact of entrepreneur characteristic on their entrepreneur orientation. Special reference is retail shops, to review the theoretical studies on entrepreneur characteristics and entrepreneurial orientation; to determine the level of entrepreneur characteristic and entrepreneurial orientation; to determine which key entrepreneur characteristics essential for the entrepreneurial orientation; and finally, to determine the relationship between entrepreneur characteristic and entrepreneurial orientation. In this study nonprobability convenience sampling technique was used; data were collected by questionnaire from 704 entrepreneurs of retail shops. Therefore 200 questionnaires were considered in the study and all collected data were analyzed and presented through SPSS for convenience and reliability.

This research gives better understandings of the factors which influence on retail shops based productions owners. The factors have evaluated based on five variables such as need for achievement, internal locus of control, risk taking propensity, leadership and innovativeness derived from the literature review. This study found, need for achievement, internal locus of control, risk taking propensity; leadership and innovativeness have higher influence on entrepreneurial orientation. The overall results were found that the impact of owner's personal characteristic in their entrepreneurial orientation; special reference retail shops based production in Batticaloa north division in order is highly impact. However, the main thing was the marketer want to identify that all personal

characteristics of entrepreneur positively influencing the on Entrepreneurial Orientation on retail shops.

Index Terms- Entrepreneur Characteristics, Entrepreneurial Orientation

I. INTRODUCTION

Entrepreneur is a person who has set of skills to develop idea to produce product or services which encourages to take extreme level of risk when it comes into reality by making viable product or services in the market. Many successful entrepreneurs achieve their success by paying vital role in the economic. However, entrepreneurs face greater challenges in the modern business environment due to increasing competition, rapidly changing environment, new technologies, and globalization. On this regard, entrepreneurial orientation concept has been emerging in recent years because this concept has a greater influence in the performance of business. Business owner's characteristics or traits may be having an influence on entrepreneurial orientation. Characteristics of business owners are different due to their diversity of backgrounds. This research studies influence of entrepreneurs' characteristics on entrepreneurial orientation in the context of retail business in Batticaloa district. Retailer acts as a mediator in transferring final products or services to end users. However, competitiveness among retail business have increased implementation of entrepreneurial orientation. Thus, it is necessary for the entrepreneurs to understand the influence of entrepreneurial orientation. There is a clear knowledge gap and it becomes problem to entrepreneurs in operating the retail business.

II. RESEARCH QUESTIONS

- 1) What is the level of entrepreneur characteristic and entrepreneurial orientation?

- 2) What is the relationship between entrepreneur characteristic and entrepreneurial orientation?
- 3) How to impact entrepreneur characteristic on their entrepreneurial orientation?
- 4) To what extent do entrepreneur characteristics influence the entrepreneurial orientation?

III. LITERATURE REVIEW

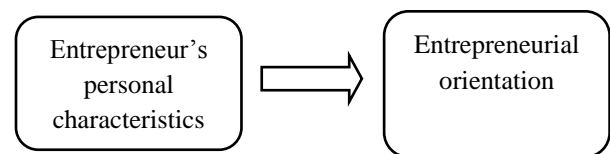
Entrepreneur creates new business by identifying business opportunities, taking risks and uncertainties through achieving the stable profit growth (Zimmerer et al., 2005). Schumpeter (1934) defines entrepreneur as innovator who creates new business by exploiting inventions. Bolton and Thompson (2004) states that entrepreneur as “a person who habitually creates and innovates to build something of recognized values around perceived opportunities”. Drucker (1985) says entrepreneurship has to have special characteristics which can create new, something different, form norms. Entrepreneur characteristics include need for achievement, internal locus of control, risk taking propensity, leadership, and innovativeness. Need for achievement defines as taking maximum opportunities of personal satisfactory achievement without excessive risk. McClelland’s need for achievement theory identified behavioral traits as taking personal responsibility to find solutions, setting moderate achievement goals, taking calculated risks, and feedback regarding performance (1967). Internal locus of control is personal belief that has the influence over outcomes by skills, ability, and efforts. Rotter (1966) defines locus of control as individuals’ perception about his or her underlying causes of events. This kind of entrepreneur can control what happens in their lives whereas entrepreneur who believes that events are resulted from luck, power, and being at the right place at the right time. Risk taking propensity is the probability of receiving rewards linked with success of situation. Kuratko et al. (2009) states that entrepreneurs take calculated risk while doing the business and risk averse person prefer low paid employee with apparent job security. Hyrsky and Tuunanen (1999) state that entrepreneurs take risk in their known areas and they do not take risk in unknown areas. Baron (2007) defines leadership as “process whereby

individuals influence others in an attempt to achieve stated objectives”. Henry et al. (2003) identifies the behavioral and contingency approaches as three main approaches in studying of leadership. The trait approach says that leaders are born and not made. The behavioral approach says that effective leaders should have personal characters to the business. Contingency approach is single leadership style is not effective in all situations and various leadership style can be used to different situations. Innovativeness is identifying new idea and adopting it to the organization. Mirela (2008) states that successful innovation consists of existing in the clear strategy, availability of resources of potential resources, having knowledge of market demand, expecting of future needs, evaluating of project criteria, and maintaining of close contact with beneficiaries.

Entrepreneurial orientation defines process of developing a strategy as a basis for decisions and actions taken by entrepreneurs. Lumpkin and Dess (2001) say that entrepreneurial orientation consists of autonomy, innovativeness, risk taking, pro activeness, and competitive aggressiveness. Autonomy is independent activities by an individual or group who brining business idea and employing it to completion. Innovativeness is supporting creativity and experimenting new things. Risk taking is taking bold action to unknown market conditions. Pro activeness is looking forward and initiating change rather than reacting to the situation. Competitiveness aggressiveness is firms’ effort to perform well than competitors.

IV. CONCEPTUAL FRAMEWORK

Figure 1: Conceptual Framework



(Developed for the study)

V. METHODOLOGY

The sample was selected from retail business entrepreneurs in Batticaloa district. 200 retail business entrepreneurs were selected as sample from entrepreneur population for the purpose of data collection. The study has been organized to collect information from retail business entrepreneurs in Batticaloa district and convenient sampling method has been used for the sample selection. Structured questionnaire is used to measure variables and it consists of personal information and research information. Both variables are measured through five-point likert scale. Descriptive statistics, bivariate analysis, and multi variate analysis are used to understand and interpret data.

VI. FINDINGS AND DISCUSSIONS

A. Univariate Analysis

The mean values and standard deviation of the variables were taken in to consideration in this analysis for evaluating the level of entrepreneur’s personal characteristics and entrepreneurship orientation.

Entrepreneurial characteristics

Need for achievement

Table 1: Level of Need for achievement

Criteria	Decision Attribute	Frequency	Percent
$1.0 \leq X_1 \leq 2.5$	Low Level	47	23.5
$2.5 < X_1 \leq 3.5$	Moderate Level	80	40.0
$3.5 < X_1 \leq 5.0$	High Level	73	36.5
Total		200	100.0
Mean		3.22	
Standard Deviation		0.76	

(Source: Survey Data)

The dimension of Need for achievement has moderate level at its in individual characteristic attribute in the Need for achievement (Mean $X_1 = 3.22$). In addition, most of the respondents expressed the common opinion regarding the dimension of Need for achievement (SD = 0.76). It is also noted that about 36.5% of respondents have high

level of dimensional attribute, while about 40% of respondents have moderate level and 23.5% of respondents have low level.

Internal locus of control

Table 2: Internal locus of control

Criteria	Decision Attribute	Frequency	Percent
$1.0 \leq X_2 \leq 2.5$	Low Level	28	14.0
$2.5 < X_2 \leq 3.5$	Moderate Level	43	21.5
$3.5 < X_2 \leq 5.0$	High Level	129	64.5
Total		200	100.0
Mean		3.76	
Standard Deviation		0.90	

(Source: Survey Data)

The dimension of internal locus of control has high level at its in individual characteristic attribute in the internal locus of control (Mean $X_2 = 3.76$). In addition, most of the respondents expressed the common opinion regarding the dimension of internal locus of control (SD = 0.90). It is also noted that about 64.5% of respondents have high level of dimensional attribute, while about 21.5% of respondents have moderate level and 14% of respondents have low level.

Risk taking propensity

Table 3: Risk taking propensity

Criteria	Decision Attribute	Frequency	Percent
$1.0 \leq X_3 \leq 2.5$	Low Level	48	24.0
$2.5 < X_3 \leq 3.5$	Moderate Level	125	62.5
$3.5 < X_3 \leq 5.0$	High Level	27	13.5
Total		200	100.0
Mean		2.90	
Standard Deviation		0.51	

Survey Data

The dimension of risk taking propensity has moderate level at its in individual characteristic attribute in the risk taking propensity (Mean $X_3 = 2.90$). In addition, most of the respondents expressed the common opinion regarding the dimension of risk taking

propensity (SD = 0.51). It is also noted that about 13.5% of respondents have high level of dimensional attribute, while about 62.5% of respondents have moderate level and 24% of respondents have low level.

Leadership

Table 4: Leadership

Criteria	Decision Attribute	Frequency	Percent
$1.0 \leq X_4 \leq 2.5$	Low Level	44	22.0
$2.5 < X_4 \leq 3.5$	Moderate Level	118	59.0
$3.5 < X_4 \leq 5.0$	High Level	38	19.0
Total		200	100.0
Mean		3.05	
Standard Deviation		0.58	

Survey Data

The dimension of leadership has moderate level at its in individual characteristic attribute in the leadership (Mean $X_4 = 3.05$). In addition, most of the respondents expressed the common opinion regarding the dimension of leadership (SD = 0.58). It is also noted that about 19% of respondents have high level of dimensional attribute, while about 59% of respondents have moderate level and 22% of respondents have low level.

Innovativeness

Table 5: Innovativeness

Criteria	Decision Attribute	Frequency	Percent
$1.0 \leq X_5 \leq 2.5$	Low Level	23	11.5
$2.5 < X_5 \leq 3.5$	Moderate Level	144	72.0
$3.5 < X_5 \leq 5.0$	High Level	33	16.5
Total		200	100.0
Mean		3.05	
Standard Deviation		0.46	

Survey Data

The dimension of innovativeness has moderate level at its in individual characteristic attribute in the innovativeness (Mean $X_5 = 3.05$). In addition, most of the respondents expressed the common opinion regarding the dimension of innovativeness (SD = 0.46). It is also noted that about 16.5% of respondents have high level of dimensional attribute, while about 72% of respondents have moderate level and 11.5% of respondents have low level.

Entrepreneur's Characteristics

Table 6: Entrepreneur's Characteristics

Criteria	Decision Attribute	Frequency	Percent
$1.0 \leq X_6 \leq 2.5$	Low Level	2	1.0
$2.5 < X_6 \leq 3.5$	Moderate Level	140	70.0
$3.5 < X_6 \leq 5.0$	High Level	58	29.0
Total		200	100.0
Mean		3.20	
Standard Deviation		0.39	

Survey Data

The dimension of entrepreneur's characteristics has moderate level (Mean $X_6 = 3.20$). In addition, most of the respondents expressed the common opinion regarding the entrepreneur's characteristics (SD = 0.39). It is also noted that about 29% of respondents have high level of attribute, while about 70% of respondents have moderate level and 1% of respondents have low level.

Entrepreneurial Orientation

Performance

Table 7: Performance

Criteria	Decision Attribute	Frequency	Percent
$1.0 \leq X_7 \leq 2.5$	Low Level	0	0.0
$2.5 < X_7 \leq 3.5$	Moderate Level	0	0.0
$3.5 < X_7 \leq 5.0$	High Level	200	100.0

Total	200	100.0
Mean	4.55	
Standard Deviation	0.24	

Survey Data

The dimension of performance has high level at its in individual characteristic attribute in the motivation (Mean $X_7 = 4.55$). In addition, most of the respondents expressed the common opinion regarding the dimension of motivation (SD = 0.24). It is also noted that about 100% of respondents have high level of dimensional attribute.

Motivation

Table 8: Motivation

Criteria	Decision Attribute	Frequency	Percent
$1.0 \leq X_8 \leq 2.5$	Low Level	0	0.0
$2.5 < X_8 \leq 3.5$	Moderate Level	56	28.0
$3.5 < X_8 \leq 5.0$	High Level	144	72.0
Total		200	100.0
Mean		4.01	
Standard Deviation		0.70	

Survey Data

The dimension of motivation has high level at its in individual characteristic attribute in the motivation (Mean $X_8 = 4.01$). In addition, most of the respondents expressed the common opinion regarding the dimension of motivation (SD = 0.70). It is also noted that about 72% of respondents have high level of dimensional attribute, and 28% of respondents have moderate level.

Entrepreneurial Orientation

Table 9: Entrepreneurial Orientation

Criteria	Decision Attribute	Frequency	Percent
$1.0 \leq X_9 \leq 2.5$	Low Level	0	0.0
$2.5 < X_9 \leq 3.5$	Moderate Level	2	1.0
$3.5 < X_9 \leq 5.0$	High Level	198	99.0

Total	200	100.0
Mean	4.28	
Standard Deviation	0.38	

Survey Data

The dimension of entrepreneurial orientation has high level (Mean $X_9 = 4.28$). In addition, most of the respondents expressed the common opinion regarding the entrepreneurial orientation (SD = 0.38). It is also noted that about 99% of respondents have high level of attribute and 1% of respondents have low level.

B. Bivariate analysis

It analyses about the relationship between independent variable and dependent variable. Entrepreneurial personal characteristics and entrepreneurial orientation were taken as variables. Correlation analysis was carried out to find out the relationship between entrepreneurial personal characteristics and entrepreneurial orientation in Batticaloa district.

Correlation analysis

Bless and Higson-Smith (2000) defines a correlation as “the relationship between two variables where change in one variable is accompanied by predictable change in another variable. Pearson (r) correlation coefficient was computed to test the direction and strength of relationships that exist among the study variables.

Table 10: Correlation analysis

	PERCH	EMOR
NFA	0.609**	0.376**
ILOC	0.602**	0.451**
RTP	0.419**	0.295**
L	0.689**	0.481**
I	0.547**	0.320**
P	0.474**	0.408**
M	0.576**	0.947**
PERCH	1.000	0.681**
EMOR		1.000

** Correlation is significant at the 0.01 level (2 tailed)

Survey Data

In this table, NFA= Need for achievement, ILOC= Internal locus of control, RTP= Risk taking propensity, L= Leadership, I= Innovativeness, P= Performance, M= Motivation, PERCH= Entrepreneurial personal characteristics, and EMOR= Entrepreneurial orientation

Relationship between independent variables and dependent variables

Results indicate that there is a strong positive relationship between need for achievement and entrepreneurial characteristics (r = 0.609, p < 0.01). There is a strong positive relationship between internal locus of control and entrepreneurial characteristics (r = 0.602, p < 0.01). There is a moderate positive relationship between risk taking propensity and entrepreneurial characteristics (r = 0.419, p < 0.01). There is a strong positive relationship between leadership and entrepreneurial characteristics (r = 0.689, p < 0.01). There is a strong positive relationship between innovativeness and entrepreneurial characteristics (r = 0.547, p < 0.01). There is moderate positive relationship between performance and entrepreneurial orientation (r = 0.408, p < 0.01). There is a strong positive relationship between motivation and entrepreneurial orientation (r = 0.947, p < 0.01).

Relationship between entrepreneurial characteristics and entrepreneurial orientation

Results indicates that there is a strong positive relationship between entrepreneurial characteristics and entrepreneurial orientation in Batticaloa district (r = 0.681, p < 0.01).

Regression analysis

It is important to examine the relative influence of individual dimensions of entrepreneurial characteristics on entrepreneurial orientation.

Table 11: Impact of entrepreneurial characteristics dimensions and entrepreneurial orientation

Entrepreneurial Characteristics' dimension	Regression Coefficients
	Entrepreneurial Orientation
Need for achievement	0.115**
Internal locus of control	0.149**

Risk taking propensity	0.146**
Leadership	0.159**
Innovativeness	0.080
Constant	2.192**
Adjusted R Square	0.458
F-Statistics	34.569

** Significant at the 0.05 level (p<0.05)
Survey Data

From the simple regression analysis, the impacts of each Entrepreneurial Characteristics' dimension on Entrepreneurial Orientation were found out. According to the table 5.16, 11.5% of variation in Entrepreneurial Orientation is explained by the need for achievement (p-value 0.000 < 0.05). 14.9% of variation in Entrepreneurial Orientation is explained by the internal locus of control (p-value 0.000 < 0.05). 14.6% of variation in Entrepreneurial Orientation is explained by the risk taking propensity (p-value 0.000 < 0.05). 15.9% of variation in Entrepreneurial Orientation is explained by the leadership (p-value 0.000 < 0.05). 8% of variation in Entrepreneurial Orientation is explained by the innovativeness but it is not significant (p-value 0.097 > 0.05).

While considering the overall impact of the model on Entrepreneurial Orientation, F-Statistics 34.569 with 5% significance level reveals that the model is significant. Adjusted R square value 0.458 indicates that 45.8% variation in Entrepreneurial Orientation is explained by all the significant variables included in the model.

V. CONCLUSION

This research focuses on entrepreneur's characteristics and entrepreneurial orientation in Batticaloa district. Univariate analysis states that internal locus of control and need for achievement have contributed more to entrepreneur's characteristics of retail shops whereas risk taking propensity has contributed less to entrepreneur's characteristics of retail shops in Batticaloa district. Performance has contributed more to entrepreneurial orientation whereas motivation has contributed less to entrepreneurial orientation. Bivariate analysis states that there is strong positive relationship between entrepreneur's characteristics and entrepreneurial orientation of retail shops in

Batticaloa district. Regression analysis states that entrepreneur's characteristics has an impact on entrepreneurial orientation of retail shops in Batticaloa district.

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