

MS Management Thesis

Entrepreneurial potential:

Does ethnic groups and gender play a role?

A study of Lahore

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Research completion certificate

It is certified that research work contained in the thesis “**Entrepreneurial potential: Does ethnic groups and gender play a role? A study of Lahore**” has been conducted under my supervision to my satisfaction by Mr. Rashid Minhas, ID: 090892001, of MS (Management) program.

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Acknowledgement

“Allah grants me serenity to accept the things I cannot change. Courage to change the things I can and wisdom to know the difference.”

I am always thankful to Allah who gives me strength to accomplish my work and guide me to the right path. Research an ongoing process which reflects a continuous effort and accumulated contribution of so many factors. The present thesis is the contribution of so many internal and external factors which I can not list down. But most important of them includes my teachers who are always my knowledge resource (Dr. Ahmed F. Siddiqi, Dr. Adbur Rashid Kasuar, Dr. M. SarwarAzhar, Dr. Tashfeen M. Azhar, Mr. NizamUd Din and Dr. ZafarJadoon). I would like to say special thanks to my thesis supervisor “Dr. Ahmed F. Siddique” who is always a motivational factor to accomplish this study. By his help and guide line my idea came into this material form.

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Abstract

Entrepreneurship and self employment is a strategy for self subsistence for individuals. In past decades entrepreneurship has taken an important part of the economic process. The economic policies have been made in favor of entrepreneurial atmosphere to up lift of economy. The world has become a global village where ideas, trends and practices are rapidly spreading from one corner to other. The people are more exposed to political, social, cultural and economic canes than ever before. In this way they see potential opportunities to exploit and to get good economic benefits out of it.

The individuals who want to become entrepreneurs are influenced by functions of culture factors, social factors and family factors for entrepreneurial disposition. It is always been the interest of researchers that who are entrepreneurs? and what makes them succeed? What are they looking for when they choose entrepreneurship? In spite of good research we are still unable to isolate a predictive “Entrepreneurial Trait”. The entrepreneurship is being researched from the perspective of cognitive models to contextual frame. It has unfolded many aspects but still no single consensus for entrepreneurs and entrepreneurship.

Historically men are expected to be the providers and women the care givers. The feminist movement of 1960’s has greatly helped to change this conventional concept of gender and life time working career and self-achievement became acceptable for women. This has also given a good rise to increase female participation in the field of entrepreneurship. Different countries seek the women entrepreneurship as a good catalyst for their economic development. So in this way entrepreneurship is a multidimensional phenomenon. If we want to encompass it better we have to study it in the context of some cultural, social or economic perspective.

Current study primarily seeks the impact of different castes and gender for their Entrepreneurial Potential (EP). For this purpose entrepreneurial potential is calculated on the basis of motivation, capacity and support from family from different individuals. The role of gender and different castes are observed for entrepreneurial potential.

Population of the study is business students who are studying in six different universities at Lahore. Questionnaires are sent to 300 respondents and 137 valid questionnaires are filled by respondents.

According to theoretical research frame work entrepreneurial potential is calculated on the basis of motivation, capacity and perceived family and friend support then the role of gender and castes are studied as moderating factor.

The result showed males and females statistically differ for entrepreneurial potential as motivation and capacity is concerned. All castes which are included for this study showed equal entrepreneurial potential.

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CHAPTER 01

1. Introduction

Entrepreneurship has become a considerable research topic among economists and scholars for past few years. This increased and prolonged interest in entrepreneurship is based upon several factors between developed and developing countries. The developed countries take it as a solution of economic growth and take entrepreneurial activity as coping with their unemployment problems. Whereas, for developing countries it has taken more important and critical position since they take it as an engine for economic growth, job creation and social adjustment. In this way economic policies are made in such a way to promote and to encourage entrepreneurial activity to mobilize the resources to stimulate economic growth and wealth creation.

1.1. Entrepreneurs

The French word “entreprendre” can be traced back to the twelfth century with literal meaning “to undertake” and is widely used in the field of economics. The word entrepreneur is derived from this aforementioned French word and general perception is that those individuals who undertake to organize, manage and take the risk of a business are entrepreneurs. In the past twentieth century, as society changes ,the competition has increased due to evolved technologies , the rapid development of information technology has revolutionized the global businesses and made it dynamic so do the entrepreneurs. In these days the role of the entrepreneurs have broaden from simply “to undertake” to innovator who exploit ideas and opportunities uses optimal factor of production to implement those ideas into material form to seek reward.

1.1.1. Entrepreneurship and Different Disciplines

The conceptualization of entrepreneurship has come from various scholarly disciplines including Economics, Psychology, Sociology and Management. The word entrepreneurship is introduced by Economists in eighteenth and nineteenth century and remained under discussion for the relative field of Economics. As the twentieth century unfolds it is used in domain of Management and Sociology who consider the entrepreneurs as agent of change; who provide their creative ideas for business enterprises and keep it profitable and grow. Entrepreneurship is an emerging field and in past thirty five years it is accepted as a complete discipline in most parts of the world.

In fact until 1950 most of initial work is done by different economists and majority definitions and references come from the field of economics. As quoted by (Schumpeter, Opie, & Elliott, 1934), it is a “risk bearing” activity in the economy with entrepreneur. The other economists, for example, (Jean-Baptiste, 1803) also wrote about entrepreneurship and its impact on economic development. Since then a rigorous research is going on to describe and to define all about entrepreneur and entrepreneurship.

(Schumpeter, 1951) defines the entrepreneurship as “Entrepreneurship Consists in doing things that are not generally done in the ordinary course of business routine; it is essentially a phenomenon that comes under the wider aspect of leadership”

Another economist (Cole, 1959) defines it as “entrepreneurship, at least in all no authoritarian societies, constitutes a bridge between society as a whole, especially the noneconomic aspects of that society, and the profit oriented institutions established to take advantage of its economic endowments and to satisfy, as best they can, its economic desire”.

Different psychologists like (Zaleznik, De Vries, & Howard, 1977) and (D. McClelland, 1961) has explored the aspect of venture creation and studied the different personality chartersitics of successful entrepreneurs. They found them to be proactive, achievement oriented and committed to others. Some other psychologists like (Hornaday & Aboud, 1971) added autonomy, aggression and innovation as the core aspects of entrepreneurs. The field of psychology focused on individual characteristics whereas the focus of sociologists remained on social conditions which

enable entrepreneurship. Sociologists like (Weber, 1997) and(Gerschenkron, 1965) see structural conditions and social factors for entrepreneurship.

The management literature advocated entrepreneurship as an organizational process which fosters innovation, risk taking and pro-activeness for customers, competitors and to exploit opportunities (Miller & Friesen, 1982). One of the management guru Peter Drucker define entrepreneurship as “An entrepreneur is one who always searches for change, responds to it and exploits it as an opportunity. Innovation is the basic tool of entrepreneurs, the means by which they exploit change as an opportunity for different business of service.”(Drucker, 2002).

So creating awareness of this career option on the one hand, and an enabling and helping environment for enterprise creation on the other, play a crucial, important and mutually supportive role for a successful start in self employment or creation of a small enterprise.

1.1.2. A Review of Different Entrepreneurial Characteristics

There is no standard-issue entrepreneur, but there is consensus on what entrepreneurs do. They deliver goods, provide services by practical exploitations of new ventures and ideas. So in this way most of them share the same characteristics of innovative, resourceful, practical, and opportunistic. In studies of entrepreneurship it is possible to discriminate the factors that influence entrepreneurial behavior. These factors include individual, social and environmental perspectives for the study of entrepreneurship.

1.2. Entrepreneurship and Ethnicity

The difference between different categories of people is assigned with an adjective “ethnicity”.(Petersen, Novak, & Gleason, 1982). When the word ethnic is referred to a group it means the group of people who share some common cultural characteristics and are aware of their association with that ethnic group(Yinger, 1986). The social structure through which an

ethnic group is attached to one and other and their sub cultural dimensions of ethnicity is emphasized for this thesis.

Aldrich examined the ethnicity and entrepreneurship by using three interactive components structure, group characteristics and strategies as a frame work and found the adaptability of resources made available by their environments(Aldrich & Waldinger, 1990). Another study at America by Butler revealed that some of ethnic groups especially racial ones like Jewish and other White groups did well as entrepreneurs than African, Asian and Hispanic (Butler & Herring, 1991). The disparity of entrepreneurship among different ethnic groups cannot be solely explained only by the personal attributes for this we have to consider some social and cultural conditions for explanation. We have to examine the probability of self employment of different ethnic groups from the perspective of some specific cultural measures. In this way we can enhance our understanding of the relationship between ethnicity and entrepreneurship. The word “ethnic” is an adjective and people who become the member of this group share some common cultural values and they are aware of this attachment (Yinger, 1986). For this particular thesis caste represents the same meaning of “Ethnicity”.

1.3. Entrepreneurship and Gender

The global Entrepreneurship Monitor(GEM) reports reveals that rate of entrepreneurial activity for males are three times than females in some countries, while in others, the male and female participation is nearly identical((Arenius & Minniti, 2005; Reynolds, Bygrave, & Autio, 2003)). The business world is normally perceived to be men on the basis of their stereotyping roles like bold, aggressive, calculative and risk taking(Marlow, 2002). But for past few years women participation has increased for entrepreneurial activity. It may also be noted that women may be discouraged by masculine stereotyping of entrepreneurship for attempting to found new venture. Though the women have made great efforts by taking an active participation in recent years reducing the entrepreneurship gap (Buttner & Moore, 1997)but still concerns persist that they are underrepresented in business world than their male counterparts.

1.4. Significance of the study

To develop entrepreneurship it is important to study the entrepreneurial potential and entrepreneurial intentions of individuals. So many factors including family background, education, culture and cognition shape up this entrepreneurial activity. Individual who have motivation, support and capacity can prone to adopt entrepreneurship. In this way they can bring a good change in the society ultimately this benefitting to different stakeholders. As Linan (2009) argued that individuals who have entrepreneurial skills can be more inclined to entrepreneurship. In this way it becomes very significant if those skills are present among certain individuals who can be polished and in this way those individuals foster into their entrepreneurship and perform a significant role into economy. On the other hand if different ethnic groups pertains equal entrepreneurial potential then it will become easy to understand to study the factors which can be developed among individuals to become entrepreneur. This research investigates how ethnicity and gender plays its role in developing entrepreneurial potential. As ethnicity is a part of a culture so in broader sense this thesis explore the cultural related factors that affecting entrepreneurial behavior.

1.5. Research objectives

The prime purpose of this research study is to explore the impact of chief elements of motivation, support and capacity of different ethnic groups and gender for their entrepreneurial potential. The prime objective of the this thesis is to provide prospects of different castes to make entrepreneurs, more over the study will also provide the entrepreneurial potential of male and female. The objectives of the thesis are:

1. To understand entrepreneurship in Lahore.
2. To understand the role of caste (ethnic groups) in the dynamics of entrepreneurship.
3. To understand the role of gender in the dynamics of entrepreneurship.
4. To understand the difference of motivation for males and females.

5. To understand the difference of capacity skills between males and females
6. To understand the difference of perceived support for males and females for entrepreneurship.

A lot of work on entrepreneur is being done in western and European culture but a little work is being done in developing countries like Pakistan. This thesis results would contribute to the body of Entrepreneurship's knowledge by focusing on Pakistan as a developing economy.

1.6. Research Questions

Following research questions have been developed for this thesis.

Do different ethnic groups have equal entrepreneurial potential?

Do male and female individuals have equal entrepreneurial potential?

Do male and female individuals have equal motivation for entrepreneurship?

Do male and female individuals have equal capacity for entrepreneurship?

Do male and female individuals have equal skill for entrepreneurship?

1.7. Chapterization

The format of present study is composed as of UMT thesis style chapterization. The first chapter gives the formal introduction of the topics, the literature review helps in how we shape, tune and steer the pace and direction of the study, the theoretical framework and methodology presented by present approach and at the last but not the least the concluded results of present study.

In the present chapter the statement of the problem and objectives of the study is discussed. It also describes why this study is chosen for its significance.

Literature Review: This chapter presents the work of early researcher's contribution to the field. It elaborates entrepreneurship, impact of gender for entrepreneurship and different personal, social and cultural aspects for entrepreneurship. At the end literature specifically unfold the

gender and ethnicity role for entrepreneurship. The entrepreneurship in the context of Pakistan is also discussed though a very few literature commentary is available on it.

Methodology: This chapter is very important because it guides us that how we will get the answers of our research questions. On the basis of research question we build our hypothesis which is also part of this chapter. The other important aspects of discussion include target population, sampling frame and data collection and data analyzing.

Data Analysis and Findings:The outcome of the study will show the results whether our research questions have been satisfied or not. For this purpose data analysis is one of the most important parts of this thesis. In this way we will test our hypothesis and discuss our result. At the last limitations and future research for this study will be discussed.

References:

This provides the work to the researchers who have contributed to the field in the past.