

Linking social cultural milieu with entrepreneurial behavior of self-employed in emerging markets

Deepika Kapoor , Dr. Jagdeep Singh

Research Scholar, Punjab Technical University, Jalandhar, deepika678kapoor@gmail.com

Professor, GNA University, Phagwara, dean.gbs@gnauniversity.edu.in

ABSTRACT

Entrepreneurship is considered as the building block of the developing world as half of the people working are found to be self employed. The objective of the study is twofold: first, we aim to explore the factors of social cultural milieu and entrepreneurial behavior of the selected entrepreneurs; second, we aim to examine the relationship between the factors of social cultural milieu and entrepreneurial behavior. For this, exploratory factor analysis is used to explore the factors of social cultural milieu and entrepreneurial behavior of self employed individuals. Further, the present study used structural equation modeling to examine the relationship between the factors of social cultural milieu and entrepreneurial behavior. We collected data from 285 respondents through self-designed structured questionnaire. The result of the study highlighted three factors of social cultural milieu such as social support; attitude and education; whilst results highlighted five factors of entrepreneurial behavior such as network, autonomy, growth, risk and attitude. The results of SEM highlighted the significant relationship between the factors of social cultural milieu and entrepreneurial behavior. The study suggests some useful implications for universities on how to align their existing entrepreneurship programs in order to make students aware of entrepreneurial opportunities. We also suggest policy makers on developing better policies for promoting entrepreneurship among future generations.

KEYWORDS: Self employed, Social cultural milieu, entrepreneurial behavior

Article Received: 10 August 2020, Revised: 25 October 2020, Accepted: 18 November 2020

INTRODUCTION

Entrepreneurship lies more in the ability to minimize the use of the factors of production and to explore them to maximum advantage. It is the process of the activities of the entrepreneur who wants to start a new business. Studies are conducted that are able to find out the relationship between economic performance of the country and entrepreneurship (Carree et al, 2010). So, entrepreneurs tend to be more creative and innovative than an average person. They should be self- confident, thrive in a challenging environment and have a tremendous need to be in control. They are the risk takers; welcome responsibility and willing to take decision (Marwaha and Mehandipur, 2006). Self employment paves out the way for the people during the time of recession. Self employed individuals goes up during the recession period and self employment serves as way out of unemployment (Congregado et al. , 2010). The role of self employment policies impose positive impact on the employment status and foster the way through which personal income of the individuals gets increased (Dvouletý and Mares, 2016)

Self employed

Self employment is considered as entrepreneurship but there is difference between the two. Maria Plotnikova (2016) differentiates entrepreneurs from the self employed based on the personal, organizational and external environment characteristics. Self employment is the employment of people who work for themselves. Self employment is taken as a tool for survival for the ones who are not able to find means of earning the income or are having the entrepreneurial spirit in themselves which insist them to become their own boss (OECD, 2020). Majority of the self employed can't be termed as entrepreneur because they don't bring innovation in the market. Innovation is considered as the major factor that differentiate self employed from the entrepreneurs (Sanandaji, 2014). As per the data it is found out that only 4% of the self-employed are job-creators while others run small businesses by themselves or with the help of the family members (Herman et al., 2020)

Self employed performs triple role in their businesses i.e. they act as workers, managers and business owners. Self employed individuals are those who run skill based business like salons, boutiques, construction workers, maintenance workers, taxi

drivers and the like. Majority of the self employed are found to be present in the occupation that require skills especially service based business (Narita, 2013) However, India being a developing country, is in the phase of self employment. . As per the data 51% of the people in India are found to be self employed out of which 32% are sole proprietors. While in urban areas 41.1% are self employed (Mansfield, 2013) Self employment includes small businesses undertaken by individual to live their living. To become self employed numerous factors affect the individual. Hence, entrepreneurial intention of self employed people is relevant issue from the point of the view of researchers and policymakers.

Literature review

Ayalew (2018) showed that education and training about the entrepreneurship significantly impacts the intention of the student to become self employed. The study find out the relevant factors that contributes in becoming self employed and found to have the positive relationship with the self employment intention. The factors like self confidence and esteem, education and training, family background, prior business experience, financial assistance , networking and contacts have positive relationship with the intention to become self employed.

Toogood (2017) found out the factors that influence the choice of self employment or starting a business and found out that the choice to become self employed depends on the availability of the resources (time, money), family background, education and training, attitude, guidance and individual traits. The study found the influence of these factors on their choice of the self employment.

Sappleton (2016) found out the gender differences in satisfaction level of self employed. The study found out that there are difference in the satisfaction of men and women self employed but that should be attributed to gender composition of the sector. The study highlights that importance of autonomy and working hours should be considered to enhance the satisfaction of self employed men and women.

Hagqvist (2016) identified the time usage among self employed and paid employees and results are found to be interesting. The results of the study shows that self-employed men and women manage their time well than the employees. The study concluded that distribution of time depends on the working conditions and there are factors responsible related to time use among self employed men and women.

Maria Plotnikova (2016) differentiates entrepreneurs from the self employed based on the three characteristics and explored the determinants of process innovation in small businesses by self-employed workers. The study highlighted the

personal characteristics of self employed and concluded that education and previous experience of self employed people helps in implementing process innovation in small businesses. As part of the external environment characteristics knowledge , R&D institutions and public support measures helps in implementing process innovation in Small businesses.

Yurtkorua et al. (2014) explored the antecedents of the entrepreneurial behavior. The study find out the factors of the entrepreneurial behavior which includes educational support, structural support, relational support. The study found the direct relationship between education and entrepreneurial intention. Education support was found to be important factor in determining the entrepreneurial behavior. Structural support is not found to be significant in developing the intention for entrepreneurship. Relationship support is also found to be significant in developing entrepreneurial behavior.

Faggio and Silva (2014) explored the scope of self entrepreneurship in rural area. The study found out that self employed in rural areas does not contributed in creating further jobs rather they are more likely to sustain themselves as owner and make their living.

Abzari (2009) identified the role of culture on the development of entrepreneurship. The study found out that cultural factors influenced entrepreneurship development in Iran. The study found Iran culture lied in the middle of extremes and can help towards developing entrepreneurship. Iran is considered as feminine society so based on that focus should be made on the materialistic values.

Wong et al. (2006) identified the barriers in startups which trigger the individual towards self employment. The study found out that poor labour market conditions forces the person to become self employed. The study highlighted the pull and push factors and identifies that pull factors are positive as it pull individuals into self employment through their desire for autonomy, independence and push factors of self employment includes redundancy.

Kuehn (2008) identified the impact of educational activities on intentions and entrepreneuring. The study found out that there are numerous ways through which educators can influence the attitude of the student towards entrepreneurship . the factors and variables considered in the study includes social connections, work related experience and self efficacy. The study focus on the main activities that should be focused to influence the entrepreneurial intentions of the students.

Hattab (2014) studied the impact of Entrepreneurship Education on intentions of university students

positive relationship between entrepreneurship education and intentions and perceived desirability while no relation existed with perceived feasibility or self-efficacy. it is desirable to reform the educational system to encourage creativity and innovativeness of students.

1. To explore the factors of social cultural milieu and entrepreneurial behavior of self employed individuals
2. To find the relationship between the factors of social cultural milieu and entrepreneurial behavior.

Research Methodology

Proposed Hypothesis of the study

Objectives of the study

H1: Social support positively influences growth of self employed
H2: Social support positively influences attitude of self employed
H3: Social support positively influences autonomy of self employed
H4: Social support positively influences network of self employed
H5: Social support negatively influences risk perceptions of self employed
H6: Attitude towards socio-cultural milieu positively influences growth of self employed
H7: Attitude towards socio-cultural milieu positively influences attitude of self employed
H8: Attitude towards socio-cultural milieu positively influences autonomy of self employed
H9: Attitude towards socio-cultural milieu positively influences network of self employed
H10: Attitude towards socio-cultural milieu positively influences risk perceptions of self employed
H11: Education of an entrepreneur positively influences growth of the self employed
H12: Education of an entrepreneur positively influences attitude of the self employed
H13: Education of an entrepreneur positively influences autonomy of self employed
H14: Education of an entrepreneur positively influences network of self employed
H15: Education of an entrepreneur negatively influences risk perceptions of self employed

Participants

Using snow ball sampling we draw the data from the participants for this study from three cities of Punjab namely Amritsar, Ludhiana and Jalandhar. We surveyed 150 respondents from each city. The sample of 450 respondents is large enough for the population which exceeds 0.1 million (Yamane, 1967). We selected first participant from each city through non-probability judgment sampling after that from those respondents reference of other respondent is taken using snow ball sampling to take information from the additional participants to become part of this survey. This sampling approach seems suitable to get the survey filled from the self employed individuals as they have rich network of relationships.

Questionnaire

We were unable to find the standard scale for social cultural milieu so from the literature the statements are adapted and for entrepreneurial behavior the statements were adapted from the existing literature (Entrialgo et. al, 2016, E. Serra Yurtkoru ,2014). The constructs were developed and draft of the questionnaire was screened by two academic experts and changes suggested by them were incorporated in the final draft. 5-point Likert scale was used (1 for strongly disagree and 5 for strongly agree). Taking

into consideration the language constraints the questionnaire was translated into local languages through language experts.

Data analysis

The data was analyzed using exploratory factor analysis to analyze the factors of social cultural milieu and entrepreneurial behavior with the help of SPSS software. The differences were checked at 5% level of significance. The results of the same have been presented in tabular phic format. To study the relationship between factors of social cultural milieu and entrepreneurial behavior the proposed model was tested using structural equation model in AMOS 18.0. all the control variables are correlated with each other. To reduce the bias in the model error terms of the endogenous constructs have been mutually correlated (Antonakis et al., 2010).

Results

Factors of social cultural milieu

The present study used 26 statements for measuring socio-cultural milieu and these statements were reduced into a few meaningful factors using exploratory factor analysis in SPSS. The study used principal components analysis for extracting the factors by using ‘varimax’ method of factor rotation.

EFA produced 6 factors of social cultural milieu that explained 68.67% of the total variance in the data. The present study used KMO test for examining sampling adequacy and Bartlett's Test of Sphericity

for examining presence of correlation among variables. Findings in this regard are mentioned in the table

Table : KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.77
Bartlett's Test of Sphericity	Approx. Chi-Square	2831.57
	Df	406
	Sig. (p)	0.000

The above table highlights that value of KMO is 0.77 which is greater than the recommended value of 0.7. Results of KMO and Bartlett test of sphericity justified the applicability of EFA on given data.

The name of the factors and factor loadings are represented in the table below:

Factor Analysis of social Cultural milieu

Factor Name	Items	Factor Loadings
Social Support	I have chosen business as my profession as being inspired by my colleagues	-0.79
	Society restricts me from doing my business	-0.87
	I receive support from my friends and family	0.75
	Family plays important role in choosing business as a profession	0.9
	I am satisfied being an entrepreneur	0.87
	I have started business in order to generate money	0.81
	Business revenues are able to fulfill the requirements of my family members	0.88
	The society attitude towards my products and services are positive	0.77
	I am not affected by gender inequalities	0.64
	I have started my business at my own will	0.79
	Able to manage between personal and work life	0.83
	I have continued with my family business	0.67
	Cultural background supports me to become an entrepreneur	0.64
	Negative thoughts and beliefs of the society stops me to pursue my business	-0.68
Individual Attitude	To gain social prestige I have started my business	0.69
	Being an entrepreneur implies more advantages than disadvantages to me	0.7
	I don't find enough opportunity to excel in my profession	-0.54
Education	Educational qualification has helped me to become entrepreneur	0.538
	Educational qualification of my father has helped me in my business	0.907
	Educational qualification of my mother has helped me in my business	0.551
Government Support	Government policies/ support has motivated me to run my business	0.693
	The entrepreneur's role in the economy are generally undervalued in my profession	0.613
Culture	Religion oppose me to run the business	0.796
	Culture demands me to be at home and take care of my dependants	0.8
Previous Job	Frustration from previous job has resulted me to become an entrepreneur	0.88
	I have undergone training/ mentoring to pursue my business	0.88

The above table shows the result of factors extracted from 26 statements used in questionnaire of social cultural milieu to evaluate factors that affect the men and women towards self-entrepreneurship. Suitable

names are given to the factors as per the statements lying in that.

Factors of Entrepreneurial behavior

The present study used 17 statements for measuring entrepreneurial behavior of self employed individuals

and these statements were reduced into a few meaningful factors using exploratory factor analysis in SPSS. The study used principal components analysis for extracting the factors by using 'Varimax' method of factor rotation. EFA produced 6 factors of

behavior that explained 69.87% of the total variance in the data.

The result of KMO test is presented in the table below which shows that EFA can be applied on the given data

Table 5.24: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		0.749
Bartlett's Test of Sphericity	Approx. Chi-Square	1644
	Df	136
	Sig. (p)	0.000

entrepr
eneuria

1

T

he above table highlights that value of KMO is 0.77 which is greater than the recommended value of 0.7 Results of KMO and Bartlett test of sphericity justified the applicability of EFA on given data.

The name of the factors and loadings are presented in the table below:

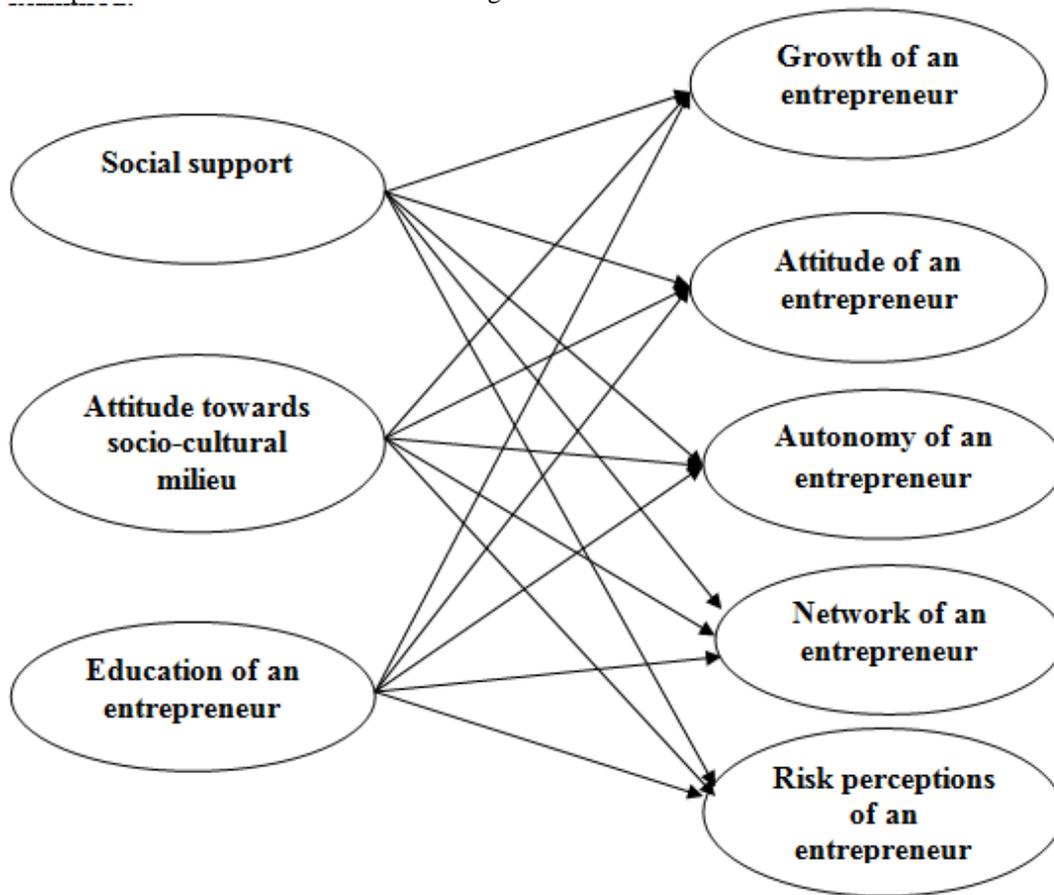
Factor Name	Items	Factor Loadings
Risk	I am ready to take the risk in my business	0.65
	I am finding time to grow my business	0.668
	I am planning to add more employees in my current business	0.753
Autonomy	I am getting enough new customers	0.638
	Being an entrepreneur I feel free to make decision and can apply creativity	0.862
	I focus on being an influencer in business	0.642
Growth	I am putting more efforts to grow my business	0.771
	To grow mu business I am exploring new markets and products	0.795
	I am keen to put resources for innovation in my business	0.566
Entrepreneurial Attitude	My business is running as per my expectations	0.591
	I am feeling satisfied by owning my business	0.844
	I feel contented with the growth of my business	0.793
Network	I am good at meeting people and exploring their ideas	0.782
	I can take valuable decision of my business on my own	0.745
	Due to autonomy I find it suitable to be an entrepreneur	0.76
Investment and Relationships	Professional relationships are helping me to grow my business	0.896
	I am thinking to invest more in my business	0.831

The above table shows the result of factors extracted from 17 statements used in questionnaire of entrepreneurial behavior to evaluate factors that affect the men and women towards self-entrepreneurship. Suitable names are given to the factors as per the statements lying in that.

To find out the relationship between social cultural milieu and entrepreneurial behavior Structural equation modeling is used to examine the relationship between socio-cultural milieu and entrepreneurship. For finding the relationship the factors identified using EFA on 26 statements relating to socio-cultural milieu and 17 statements relating to entrepreneurship are used. The factors of SCM and entrepreneurship are used for performing and applying SEM on the data.

Relationship between social cultural milieu and entrepreneurial behavior

The SEM is performed on AMOS-18 and following results are obtained:



Results of structural model 'socio-cultural milieu and entrepreneurship'		
Sr. No.	Hypotheses	p value
H1	Social support positively influences growth of Self employed	0.000*
H2	Social support positively influences attitude of Self employed	0.000*
H3	Social support positively influences autonomy of Self employed	0.01*
H4	Social support positively influences network of Self employed	0.005*
H5	Social support negatively influences risk of Self employed	0.946
H6	Attitude towards socio-cultural milieu positively influences growth of Self employed	0.123
H7	Attitude towards socio-cultural milieu positively influences attitude of Self employed	0.001*
H8	Attitude towards socio-cultural milieu positively influences autonomy of Self employed	0.000*
H9	Attitude towards socio-cultural milieu positively influences network of Self employed	0.000*
H10	Attitude towards socio-cultural milieu positively influences risk of Self employed	0.000*
H11	Education of an entrepreneur positively influences growth of the Self employed	0.000*
H12	Education of an entrepreneur positively influences attitude of the Self employed	0.412
H13	Education of an entrepreneur positively influences autonomy of the Self employed	0.000*
H14	Education of an entrepreneur positively influences network of the Self employed	0.000*
H15	Education of an entrepreneur negatively influences risk of the Self employed	0.821

* Significant at 5 percent level of significance.

From the above table it can be seen that 15 relationships proposed in this model, 11 of them were found to be significant. The social support was found to a significant predictor of growth of an entrepreneur with the value. This finding supports H1. Social support was found to be a significant factor of attitude of an entrepreneur thus supports H2. H3 and H4 are also supported as findings of the study also established the relationships as social support positively influenced autonomy of an entrepreneur and network of an entrepreneur. H5 and H6 are not supported as results are not found to be significant which shows that social support positively contributes towards the risk of the self employed and contribute towards the growth of the self employed individuals. H7 is also supported in the study as entrepreneurs with higher attitude towards socio-cultural milieu were found to have a higher entrepreneurial attitude. The study also established the relationship proposed in H8 and H9 as entrepreneurs with higher attitude towards socio-cultural milieu were found to have a higher perceptions of autonomy and a stronger networking with other entrepreneurs. This may happen due to the reason that positive attitude towards socio-cultural milieu of an entrepreneur helps to have stronger social relationships with other entrepreneurs of the industry. The findings also established the relationship proposed in the hypothesis H10 as entrepreneurs with higher attitude towards socio-cultural milieu were found to have higher perceptions of risk in entrepreneurship.

It was interesting to note that education of an entrepreneur was found to have a positive influence on growth of the entrepreneur and thus supports H11. H13 is also found to be significant. Moreover, education of an entrepreneur was also found to have a positive influence on network of the entrepreneur. This finding provided a significant evidence to establish the relationship proposed in H14

Findings of the study

The results indicate that there is significant difference between social support and autonomy and network of entrepreneur which is found to be significant as social support positively influenced autonomy of an entrepreneur and network of an entrepreneur. Higher attitude towards socio-cultural milieu were found to have a higher entrepreneurial attitude. Social support was found to be a significant factor of attitude of an entrepreneur. Growth of entrepreneur is having positive relation with the Education of an entrepreneur. Further education of an entrepreneur

was also found to have a positive influence on network of the entrepreneur. The findings shows that the higher education of an entrepreneur will contribute in better decision making at independent level for resolving business related issues and to propose business related suggestions. Education of an entrepreneur helps to expand social network as highly educated entrepreneurs are more likely to use social media for expanding their existing social as well as business relationships. This finding carries some meaningful practical implications such as education helps an entrepreneur to have more knowledge about government policies, trade opportunities that would potentially help the entrepreneur to expand the existing business.

CONCLUSION

The current study focuses on the exploring the factors of social cultural milieu and entrepreneurial behavior of self employed entrepreneurs of Punjab. Entrepreneurial behavior of self employed is likely to affect their decision about continuing the business or setting up their own venture. The purpose of current study was to examine the relationship between factors of entrepreneurial behavior and social cultural milieu. The study explored the different factors related with social cultural milieu and entrepreneurial behavior. By taking the factors of SCM and entrepreneurial behavior the SEM is performed on AMOS-18. From SEM analysis it can be concluded that out of 15 relationships 11 were found to be significant. Education of an entrepreneur helps the self employed to take the decision independently and helps to expand social network and increase business relationships.

REFERENCES

- Carree, M.A., & Thurik, A.R. (2010), "The impact of entrepreneurship on economic growth", In: Z.J. Acs and D.B. Audretsch, *Handbook of Entrepreneurship Research* (pp. 557-594), New York: Springer.
- Congregado, E., Golpe, A.A., & Carmona, M. (2010), "Is it a good policy to promote self-employment for job creation? Evidence from Spain", *Journal of Policy Modeling*, 32(6), 828-842
- C.Toogood (2017). Factors influencing the choice of self-employment or starting a business as an initial graduate destination. HECSU Research Fund grant and Harper Adams University.
- Dvouletý, O., & Mareš, J. (2016b), "Relationship between unemployment and entrepreneurial activity: Evidence found among Visegrad countries", In: *Proceedings of the 4th*

- International Conference: Innovation Management, Entrepreneurship and Corporate Sustainability (IMECS), University of Economics in Prague.
- Faggio, Giulia & Silva, Olmo, 2014. "Self-employment and entrepreneurship in urban and rural labour markets," *Journal of Urban Economics*, Elsevier, vol. 84(C), pages 67-85.
- Henrekson, Magnus & Sanandaji, Tino. (2014). Small business activity does not measure entrepreneurship. *Proceedings of the National Academy of Sciences of the United States of America*. 111. 10.1073/pnas.1307204111.
- Hala W. Hattab (2014) Impact of Entrepreneurship Education on Entrepreneurial Intentions of University Students in Egypt. *Journal of entrepreneurship*. Volume: 23 issue: 1, pp: 1-18
- Hagqvist E, Toivanen S, Vinberg S. The gender time gap: Time use among self-employed women and men compared to paid employees in Sweden. *Time & Society*. 2019;28(2):680-696. doi:[10.1177/0961463X16683969](https://doi.org/10.1177/0961463X16683969)
- Kermit W. Kuehn (2008). Entrepreneurial Intentions Research: Implications For Entrepreneurship Education. *Journal of Entrepreneurship*. Volume 11: pp. 87-98
- Maria Plotnikova, I. R.-R. (2016). Process innovation in small businesses: the self-employed as entrepreneurs. *Small business of Economics* , 939-954.
- Mehdi Abzari, Ali Safari (2009). The role of culture on entrepreneurship development: Case study: Iran. *The International Journal of Knowledge Culture and Change Management Annual Review* 9(4):135-154. DOI: 10.18848/1447-9524/CGP/v09i04/49730
- Maria-Ana Georgescu I and Emilia Herman (2020). The Impact of the Family Background on Students' Entrepreneurial Intentions: An Empirical Analysis. *Sustainability* 2020. Vol. 12 ; doi:10.3390/su1211477
- Mesfin Mulu Ayalew, Shumet Amare (2018). Modeling the impact of entrepreneurial attitude on self-employment intention among engineering students in Ethiopia. *Journal of Innovation and Entrepreneurship*; 7(1). DOI: 10.1186/s13731-018-0088-1
- Ondrej Dvoutělý and Martin Lukeš (2016). Review of Empirical Studies on Self-Employment out of Unemployment: Do Self-Employment Policies Make a Positive Impact?. *International Review of Entrepreneurship*. 14(3): pp. 361-376
- Stephen Choo, Melvin Wong (2006). Entrepreneurial Intention: Triggers and Barriers to New Venture Creations in Singapore. *Singapore Management Review* 28(2)
- Serra E. Yurtkoru, Zeynep kabadayi kuscü, Ahmet Doganay (2014). Exploring the Antecedents of Entrepreneurial Intention on Turkish University Students. *Procedia - Social and Behavioral Sciences* 150(2014):841-850. DOI: 10.1016/j.sbspro.2014.09.093
- Sapleton N, Lourenço F. Work satisfaction of the self-employed: The roles of work autonomy, working hours, gender and sector of self-employment. *The International Journal of Entrepreneurship and Innovation*. 2016;17(2):89-99. doi:10.1177/1465750316648574