

# Socio-Cultural Characteristics and Influence on Emergence of Entrepreneurship in Undivided Karbi Anglong District of Assam: A Study

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## ABSTRACT

*Entrepreneurship development does not depend on the political and economic environment alone. Emergence of entrepreneurs depends beyond such factors. The fact has been admitted by various scholars and researcher that socio-cultural characteristics has a great influence towards entrepreneurial emergence, this is the reason why we find unevenness in the distribution of entrepreneurship throughout the world. On this line this study is an attempt to study the influence of such socio-cultural characteristics on entrepreneurial emergence in the undivided Karbi Anglong District of Assam. Primary data has been collected through questionnaire cum schedule from 69 entrepreneurs who are registered with DI&CC, Karbi Anglong, Diphu.*

**Keywords:** socio-cultural, entrepreneurial emergence, unevenness.

## INTRODUCTION:

Entrepreneurship has always been considered as a driving force in developing an economy of any region. The relevance of entrepreneurship in economic growth and development with regards to job creation and poverty alleviation cannot be over-emphasized (Gree & Thurnik, 2003). Entrepreneurship leads to industrialization which translates to provision of employment and indeed, poverty reduction as a result of entrepreneurial activities that follow it (Duru, 2011). It act as fuel which enhance the growth of economy especially in the developing countries. During the recent years the concept of entrepreneurship has become a hotspot for academicians and researchers because of its relevance in diverse fields. Entrepreneurship can be viewed from many fields such as psychological, sociological, economic, cultural, political etc.

Many theory explains that social and cultural characteristics cause people to be or not to be an entrepreneur (Akhter & Sumi, 2014); (Thornton et al., 2011). Recognizing the critical role that socio-cultural characteristics play in determining the entrepreneurial behavior of a firm, several scholars have called for future research addressing the impact of an entrepreneur's culture on firm-level entrepreneurship (Hayton, George, & Zahra, 2002).

Usually, culture is defined as a set of shared values, beliefs and behavior which is passed on from one generation to another within a particular society and is deeply implanted in the life of every individual. Culture and beliefs strongly influences all individual and group decision and behavior. Such elements include beliefs, values, attitudes, habits, forms of behavior and lifestyles of persons as developed from cultural, religious, educational and social conditioning (Akhter & Sumi, 2014). Reference can be made that, in the social legitimation view, more individual value entrepreneurship as a result of the higher social status conferred on entrepreneurs in certain societies, whereas in the aggregated psychological traits view, the average person simply indicates that he holds entrepreneurs in high esteem. Culture in fact strongly influences a degree to which a country or region considers entrepreneurial initiative, risk taking as a desirable career and by that

strongly influences on self-confidence of the individual and on their decision to start business (J.C. Hayton, G. George, Shaker A. Zahra, 2002).

Social environment and networks on the other hand, by and large influences the process of entrepreneurship. It acts as a road map which guide an entrepreneur. Therefore, Embedded-ness and relational networks Understanding entrepreneurship as a social phenomenon allows us to draw on the well-developed more general literatures on social capital and social networks(Akhter & Sumi, 2014). Given the central proposition that networks of relationships constitute a valuable resource (Nahapiet & Ghoshal, 1998), many of the insights of social capital theory relative to entrepreneurial activity can be found in the social network literature (Casson & Della Guista, 2007). Social networks are also a set of relationships that can define the perception of a community, whether a business community or a more general notion of community in society (Anderson and Jack, 2002).

### STATEMENT OF PROBLEM:

Studies on entrepreneurial formation and its importance to socio-economic development of a nation have primarily focused on the role of economic factors (Noorderhaven, Thurik, Wennekers and Van Stel, 2004) giving limited attention to Socio-cultural variables (Hayton *et al*, 2002). Studies on the interaction between socio-cultural factors and entrepreneurship is very limited. Recent studies on the subject of entrepreneurship have mainly focused on government policies, the impact of these policies, and the role of financial institutions amongst others (Salako, 2004), without recourse to the socio-cultural milieu in which entrepreneurship takes place. It is therefore, important to study and focus on the social and cultural attributes that influence entrepreneurial emergence in the region.

### OBJECTIVES OF THE STUDY:

The objective of the present study is to understand the socio-cultural characteristics of entrepreneurs that influence in their emergence as entrepreneurs. More specifically, the objectives is to identify the socio-cultural characteristics of tribal and non-tribal entrepreneurs that influence the emergence and establishment of an enterprise in undivided Karbi Anglong District.

### WORKING HYPOTHESIS:

Based on the objectives a working hypothesis has been formulated that, Socio-cultural characteristics of entrepreneurs have positive influence on emergence and establishment of an enterprise in the region.

**Profile of Study Area:** Karbi Anglong district is one of the bifurcated district of the then “United Mikir Hills and North Cachar Hills”. The “Mikir Hills” was later rechristened as “Karbi Anglong” on 14th October, 1976 and became a full-fledged district in the state of Assam with its headquarter at Diphu. Karbi Anglong is situated in the central part of Assam. For the purpose of this study the term ‘Undivided Karbi Anglong’ has been used. It may be mentioned here that the erstwhile Karbi Anglong has been divided into East Karbi Anglong with its headquarter at Diphu and West Karbi Anglong with its headquarter at Hamren in the year 2016. The term Undivided Karbi Anglong therefore comprises both the districts of Karbi Anglong i.e. East Karbi Anglong and West Karbi Anglong.

### RESEARCH METHODOLOGY:

**Research Type:** The type of research undertaken is descriptive and analytical.

**Population of the study:** The population for the study includes all the business enterprise which are owned and managed by tribal and non-tribal entrepreneurs registered with DICC, Karbi Anglong District. Tribal enterprise here will mean any enterprise which is owned and managed by a tribal proprietor. The entrepreneurs registered under DICC in Karbi Anglong will be the population. As per record of DICC, there are 693 nos. of entrepreneurs found as on 31.03.2016. Of these, 209 nos. are tribal entrepreneurs and 484 nos. are non-tribal entrepreneurs. Thus, this constitute the population size.

**Sample Size:** In order to fulfill the objectives, 10% of population is taken as samples conveniently. In survey studies, the sample size of (5-20%) is considered acceptable for research (Zikmund, 2000, p. 387). Accordingly, the sample size of the current study which is (10%) of the study population is a representative and acceptable one for the purposes of the statistical analysis. Thus, the sample size is 69. The samples includes both tribal and non-tribal entrepreneurs proportionately.

**Collection of Data:** Primary data has been collected from the sample respondents through a Schedule cum questionnaire. Convenience sampling method was adopted while collecting primary data. Necessary field survey and personal interview are also done to gather in-depth information and maximum caution has been taken while collecting primary data to avoid any error in order to get a justified result. Secondary are collected from DICC and available government reports, journals, bulletins, etc.

**Significance of Study:**

The vast contribution of entrepreneurship towards economic development has encouraged academicians and researchers to view entrepreneurship from many fields such as psychological, sociological, economical, cultural, political, etc. Establishment and survival of Entrepreneurial activity depends on many factors as it does not take place in vacuum. Amongst many other factors that influences entrepreneurial activity socio- cultural factors is one of the factors that influences a person to be an entrepreneur or not (Akhter& Sumi, 2014). There is an upward trend of interest in researcher during the past years on the influence of culture on entrepreneurship. Culture has been identified as an important factor in entrepreneurial activity and the encouragement of innovation and in risk-taking. This study has been on these line inorder to find whether socio-cultural have any impact on entrepreneurial emergence in the region or not. It will also facilitate comparison of the socio-cultural characteristics of tribal and non-tribal entrepreneurs in the region.

**REVIEW OF LITERATURE:**

(Dharmendra, 2014) in his study has identified age, gender, education, caste, religion, marital status, family income, housing condition as important socio-cultural factors influencing entrepreneurship.

(Rahma & Farhana, 2014) Religion, family, education, poverty, gender role, values, peer group, political instability.

(Masud Chand & Majid Ghorbani, 2011) Social networks(assertiveness orientation, family collectivism, societal collectivism, performance orientation)

(Sarma & Bezbaruah, 2009), In their study “Industry in the development perspective of North East India” they assessed the strength and weakness of industry location in the region, where they have found that the region’s rich natural resources as the main strength. According to them, the lack of local entrepreneurs is mainly because of the attitude towards entrepreneurship. The local population has traditionally not being business oriented and white collar government jobs are more preferred than entrepreneurial ventures.

(Lipset, 2000) study has concluded an appropriate socio-cultural environment is a pre-requisite for industries or economic growth. The event of enterprise creation, the essential activity in entrepreneurship, can therefore be seen as a consequence of congruence between environmental condition and the entrepreneurial behavior of individuals determined by their socio-cultural backgrounds.

(Rao, 1986) According to him, the fact remains that Indian economy remained stagnant for centuries for which historically various explanations have been suggested of which religion is only one apart from the Foreign rule which extended over a long period and lack of modern educational facilities and other structural facilities for growth of entrepreneurship is one of the consequences of foreign rule. Social and political institutions, which were not conducive to economic development, are the third and perhaps the most conclusive explanation.

(Becker, 1956) found that in some societies, because of their non-entrepreneurial culture, welcome outsiders to perform entrepreneurial functions. In effect, some groups with entrepreneurial values do become the predominant entrepreneurs of host societies.

**Research Gap:** The above literature clearly shows that there is an obvious influence of the social and cultural attributes towards entrepreneurial activity. Many studies so far has addressed the socio-economic aspects, motivators, impact and effects of various factors on entrepreneurship. A research has been identified pertaining to socio cultural factors of entrepreneurship and its influence on the emergence of entrepreneurship. Moreover, comparison between the socio-cultural characteristics of tribal and non-tribal entrepreneurs are not found in the literature that has been reviewed. This study therefore, will put an effort to bridge this gap and throw some lights in the unknown area.

**Study Framework:** From extensive survey of literature the following variables are identified for the present study. A Study framework and research model has been formulated to understand the influence of selected variables on entrepreneurship. The variables are divided into two broad categories-

1. Social Characteristics ( Age, Education, Need for Achievement, Social Network, Social beliefs, values and norms)
2. Cultural Characteristics (Family Background, Uncertainty Avoidance, Attitude, Individualism, Religion and Region).

**ANALYSIS AND FINDINGS:**

From the study it is found that socio-cultural characteristics such as age, education, need for achievement, income of the family, uncertainty avoidance, individualism and period of residing in a particular area have a positive influence on entrepreneurial emergence.

A tabular presentation (Table-1) is given below showing different socio-cultural characteristics influencing the emergence of entrepreneurship and at the same time, inference can be drawn on the difference in socio-cultural characteristics between tribal and non-tribal entrepreneurs.

**Table 1: Table showing influence Socio-Cultural Characteristics of entrepreneurs on Entrepreneurial Emergence**

Socio- Cultural Characteristics	Non-Tribal	Tribal
<b>Age</b>		
25-34	08	07
35-44	20	12
45-54	05	15
55 and above	02	00
<b>Education</b>		
<b>General Education</b>		
Under HSLC	02	04
HSLC	08	05
HS	16	12
Graduate	09	11
Post Graduate	00	02
<b>Additional Qualification</b>		
Computer Knowledge	00	05
Technical knowledge relating to business	11	15
None	24	14
<b>Need For Achievement</b>		
<b>Key Drivers to Entrepreneurship</b>		
Monetary benefits	10	07
Social Status	02	03
Unemployment	08	10
To Support Family	15	11
Wants to be independent	00	03
<b>Eagerness to Expand Business</b>		
Yes	35	30
No	00	04
<b>Social Networks</b>		
<b>Influence of Friends and Family members</b>		
Influence to no extend	07	01
Influence to very little extend	13	08
Influence to little extend	12	21
Influence to great extend	03	03
Influence to very great extend	00	01
<b>Association of Entrepreneurs with Business and Trade Organization</b>		
Yes	03	03
No	32	31
<b>Social Beliefs, Values and Norms</b>		
<b>Extent of Belief in Traditional Culture</b>		
Belief To no extend	01	00
To very little extend	13	02
Belief To little extend	18	18
Belief To great extend	03	10

<b>Socio- Cultural Characteristics</b>	<b>Non-Tribal</b>	<b>Tribal</b>
Belief To very great extend	00	04
<b>Views of entrepreneurs on whether cultural beliefs influence entrepreneurship or not</b>		
Influence to no extend	00	01
Influence to very little extend	18	08
Influence to little extend	12	20
Influence to great extend	05	05
Influence to very great extend	00	00
<b>Family Background</b>		
<b>Whether stays in Joint family or not</b>		
Yes	17	08
No	18	26
<b>Average Annual Income of Family</b>		
1-5 Lacs	12	24
6-10 Lacs	12	08
11-15 Lacs	07	01
16 Lacs and above	04	01
<b>First Generation Entrepreneur or not</b>		
Yes	30	33
No	05	01
<b>Uncertainty Avoidance</b>		
<b>Perception of Risk</b>		
Presume Risk to no extend	00	00
Presume Risk to very little extend	09	00
Presume Risk to little extend	11	08
Presume Risk to great extend	14	18
Presume Risk to very great extend	01	08
<b>Whether continue doing business in case of initial Loss</b>		
Yes	29	20
No	06	14
<b>Individualism</b>		
<b>Preference to work as a group or individual</b>		
As a group	10	07
As an individual	25	27
<b>Religion</b>		
<b>Religion Followed by Selected respondents</b>		
Traditional religion	00	13
Hinduism	27	13
Christianity	01	06
Others	07	02
<b>Region</b>		
<b>Period of Residing</b>		
Below 10 years	00	01
Above 10 years	02	03
Above 20 years	19	12
Above 30 years	14	18

**Source:** Primary Data.

1. **Age:** From the table it is found that most of the entrepreneurs in both the cases are found in the age group 25-34, 35-44 and 44-54, which means that, enterprise are being set up by individuals of lower age group. Hence it can be concluded that age as a socio-cultural characteristics influence entrepreneurship.
2. **Education:** It is evident that educational qualification do influence start-up of entrepreneurs. From the above data it is seen that highest respondents in both non-tribal entrepreneurs and tribal entrepreneurs are either HS

passed or Graduates, which means an individual with higher qualification has more chance to become an entrepreneur.

It is also evident from the table that additional qualification like computer and enterprise related training do influence emergence of entrepreneurship in case of tribal which however is not found in the case of non-tribal entrepreneurs.

3. **Need for Achievement:** As evident from the table above, we find maximum number of entrepreneurs are not satisfied with the current performance of their business in general and hence they are eager to expand their business which indicates that there exists a higher need for achievement amongst the entrepreneurs.

It is also seen from the table that, monetary benefits and supporting family are the main driving factors to entrepreneurship in case of non-tribal entrepreneurs. In case of tribal entrepreneurs, Social Status, Independency, unemployment are the main driving factors to entrepreneurship. It is found the degree of need for achievement is less compared to non-tribal entrepreneurs.

4. **Social Networks:** It is found from the above table that friends and family does not influence much in entrepreneurial emergence in the region. This apply in both the case of non-tribal and tribal entrepreneurs.

The above analysis clearly shows that, entrepreneurs does not involve themselves much in social activities. This analysis is applicable in both the case of non-tribal and tribal entrepreneurs. It can therefore conclude that the role of social network in influencing entrepreneurship is not much in the region.

5. **Social Values, Beliefs and Norms:** Analyzing the above data we find the extent of believe in traditional culture is more prominent in case of tribal entrepreneurs. From this analysis it can be concluded that, even though social values, beliefs and norms does not have positive influence in the emergence of entrepreneurship, the degree of believe in traditional culture is found to be more prominent in case of tribal entrepreneurs.

6. **Family Background:** It is evident from the table that, Family background such as living in a joint family system, and the generation of entrepreneurship does not have influence on entrepreneurship emergence. It is also evident that, most of the family annual income of entrepreneurs in both the cases are not high and particularly in case of tribal entrepreneurs, majority of the annual income of respondents fall between 1-5 lacs income group. This indicates that individual with lower income group has the greater chance of starting up an enterprise.

7. **Uncertainty Avoidance:** The analysis also shows that, risk does not have any negative influence in entrepreneurial emergence in the region since, the analysis shows the highest response by both non-tribal and tribal entrepreneurs is found in 'to great extend' with 14 and 18 entrepreneurs responding to it respectively. Moreover, it is also clearly seen that the number entrepreneurs to continue doing business even in case of loss is more in both the case of non-tribal and tribal entrepreneurs. A total of 49 entrepreneurs out of 69 responded that they will continue even in case of loss.

8. **Individualism:** The spirit of individualism is more in both non-tribal and tribal entrepreneurs. 25 out of 35 non-tribal entrepreneurs prefer working as an individual and 27 out of 34 tribal entrepreneurs prefer working as an individual. It can be concluded that individualism has positive influence on entrepreneurial emergence in the region.

9. **Religion:** Hinduism is the main religion followed by non-tribal entrepreneurs, baring few entrepreneurs. However, Religious practice in case of tribal entrepreneurs is fragmented. Most of the tribal entrepreneurs still follow their traditional religion. Inference can be drawn from the above table that, religion as socio-cultural characteristics does not influence entrepreneurship in the region.

10. **Region:** It is found that, most of the entrepreneurs have been residing in the area for more than twenty (20) years. Non-tribal entrepreneurs are found to be highest in above 20 years category, i.e. 19 entrepreneurs, and majority of the tribal entrepreneurs are found in above 30 years category which is 18. This indicates that, the period of residing in a particular area influence the emergence of entrepreneurship. It is evident from the above analysis that those people who had been residing in a particular area for a longer period are found establishing enterprise in both the cases.

#### TESTING OF WORKING HYPOTHESIS:

Pertaining to the working hypothesis that, socio-cultural characteristics of entrepreneurs have positive influence on emergence and establishment of an enterprise, it is evident from the above table, that socio-cultural characteristics such as age, education, need for achievement, Family Background (Particularly income of the family), uncertainty avoidance, individualism and period of residing in a particular area have a positive influence on entrepreneurial emergence.

**CONCLUSION AND SUMMARY:**

The present study found that socio-cultural characteristics influence entrepreneurial emergence to a very great extent. The socio-cultural characteristics that has a positive influence on entrepreneurship emergence have been well describe in the above table.

This study is a humble contribution towards the vast concept of socio-cultural characteristics and its influence in the process of entrepreneurship development.

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