

GENERATION GAP IN FAMILY BUSINESS: COMPARISON OF ENTREPRENEURIAL TRAITS OF FIRST AND SECOND GENERATION ENTREPRENEURS

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ABSTRACT

One of the major concerns in the family business is that, at times, due to differences in the motives and personality traits of the first and the second generation entrepreneurs, they spend lot of time in convincing each other of their view-points as many times they are contradictory. This observation has triggered the current study. The present article deals with analyzing the differences in the entrepreneurial traits of first and second generation. The research has also been focussed on the difference in the traits as per the gender.

KEYWORDS: Entrepreneurs First Generation, Entrepreneurs Second Generation, Entrepreneur Family Business, Entrepreneurial Traits

INTRODUCTION

Entrepreneurship is in the genes of Indians and is part of Indian tradition. Entrepreneurship is on high spree and is creating wealth and generating employment, which is the aftermath of economic liberalization. This is a cliché that, first generation sows the seed, second generation reaps the fruit and third generation is left with the left-overs. The message is clear that the first generation puts in an effort to start the enterprise and bring it on track. The second generation just carry this enterprise forward and enjoy the wealth created by their ancestors. But if they don't make efforts to develop this enterprise, it is in shackles by the time third generation is ready to take over.

One of the other concerns in the family business is that, at times, due to differences in the motives and personality traits of the first and the second generation entrepreneurs, they spend lot of time in convincing each other of their view-points as many times they are contradictory. This observation has triggered the current study. The present article deals with analyzing the differences in the entrepreneurial traits of first and second generation. The research has also been focussed on the difference in the traits as per the gender.

LITERATURE

Kundu and Rani (2007) studied the impact of region and educational background on entrepreneurial orientation of Indian young female trainees. They considered following personality traits: need for achievement, innovation, personal control, and self-esteem around three attitude components i.e. affect, behaviour, and cognition. The research shows that the young females score highest on the achievement motivation as compared to the other three personality descriptors (innovation, personal control, and self-esteem) and lowest score on the self-esteem dimension.

Tamizharasi and Panchanatham (2010) has done an empirical analysis of the entrepreneurial attitude of the small & medium scale entrepreneurs, relating it to the age, income, marital status and type of ownership. The article concludes that the level of entrepreneurial attitudes is positively correlated to the age, income, change in the marital status and type of ownership.

Run Subramaniam and Lung (2006) studied the current motivation and entrepreneurial traits of the second and third generation Foochow Chinese in Sarawak as compared to their forefathers. Adegbite, Ilori, Irefin and Abereijo, Aderemi (2006), evaluated the impact of entrepreneurial characteristics on the performance of small-scale manufacturing industries in Nigeria. The research reflected that the negative attributes of the entrepreneurs contributed towards the dismal performance of the small scale enterprises.

Yusof, Sandhu and Jain(2007) investigated the degree to which students are inclined towards entrepreneurship and also examined the relationship between certain psychological characteristics and entrepreneurial inclination.

Azhar Kazmi (1999) stated a demographic and psychographic profile of and the type of business strategies formulated and implemented by the young second-generation entrepreneurs in India. The comparison is drawn between first and second generation entrepreneur. The study reinforces the point that entrepreneurs in general possess certain special characteristics that sustain their need for high achievement.

Setiadi, Supratiknya, Lonner, Poortinga (2004) studied the small scale entrepreneurs of Indonesia and concluded that entrepreneurial age and experience are factors that affect the business success.

Kalyani and Kumar(2011), surveyed the female entrepreneurs for the motivational factor and observed that their major motivations to start a business were the need to achieve, the desire to be independent, the need for job satisfaction and economic necessity. Giacon (2008), have explored new trends, behaviours, strategies and business models of high-technology entrepreneurship by the study of Italian technology intensive firms.

Lerner and Pines (2011) have collected data from family businesses of ten countries to study the role played by culture and gender differences in family business. The research concluded that cultural differences does have impact on the business but gender differences have negligible impact.

METHODOLOGY

The research is based on primary data. The sample consists of 110 first generation entrepreneurs and 128 second generation entrepreneurs. In the sample of second generation entrepreneurs, 40 are female and 88 are males. The questionnaire was developed to assess the following variables: (www.ifmr.ac.in/pdf/drishtee.pdf)

Achievement Motivation (AchM)

The need for achievement is a distinct human motive which can be defined as a need for success or attainment of excellence. Individuals satisfy their needs through different means, and are driven to success for reasons both internal and external. McClelland asserted that while most people do not possess a strong achievement-based motivation, those who do, display consistent behavior in setting goals. Achievement-motivated individuals are different from gamblers or risk takers. They set achievable goals which they can influence with their effort and ability. This results-driven approach is almost invariably present in the character make-up of all successful business people and entrepreneurs (Cassidy and Lynn 1989).

Locus of Control (LC)

A person's perception of the source of his or her fate is termed as a locus of control, i.e. the degree to which people believe they are master of their own fate. Individuals who believe that they control what happens to them are 'Internals' or internally motivated and have an Internal. *Locus of Control* Those who believe that outside factors *External Locus of Control* such as luck or chance controls their fate are 'Externals' or externally motivated and have an (Robins 2003)Empirical evidence (J. and Tewary 1979) shows that internals are more suited for jobs which require

initiative and independence of action. People with high internal scores on Rotter's (I-E) (Rotter 1966) scale are more likely to be successful entrepreneurs. Internals believe that they personally are in control of their destiny and that luck and fate have only a modest influence on the outcome of events. For internals, personal destiny comes from within and therefore they tend to be self-reliant and independent.

Meta- Cognitive Activity (MC)

Simply defined, meta-cognition is thinking about thinking (Jennifer A. Livingston,1997). It refers to the higher order thinking that involves active control over the thinking processes involved in learning. It consists of two basic processes occurring simultaneously: monitoring our progress as we learn, and making changes and adapting our strategies if perceived that we are not doing so well (Winn and Snyder, 1998). It's about self-reflection, self-responsibility and initiative, as well as goal setting and time management. Activities such as planning how to approach a given learning task, monitoring comprehension, and evaluating progress toward the completion of a task are meta cognitive in nature.

“Metacognitive skills include taking conscious control of learning, planning and selecting strategies, monitoring the progress of learning, correcting errors, analyzing the effectiveness of learning strategies and changing learning behaviors and strategies when necessary.” (Ridley *et al.* 1992) A successful entrepreneur should be a good learner with meta-cognitive skills.

Need for Dominance (ND)

In society, the relative position of an individual is determined by structure of the society and the relative importance given to various occupations. Domination is the condition of having control or power over people or things. Like many other needs of humans, the need for dominance is a motive to acquire a dominating position in society. An entrepreneur controls his or her work and is perceived to have relatively more power over the events in their life than a salaried person. Also, people who don't want to be in subordinate position or don't want to take orders from anyone else tend to work for themselves. High need for dominance could be a key characteristic of an entrepreneur.

Passion for Work (PW)

An individual's passion for his or her work comes from self motivation to work more driving to achieve the goal. It creates an insatiable hunger for excellence. However, many people do not enjoy their work and do it to earn a livelihood, rather than out of interest. For entrepreneurs, being passionate about their work is not only important but crucial because it directly affects their business. They constantly need to discover new ways to sustain and expand their business, maintain their client base and look for new opportunities. If they are not enjoying the work they are doing, it may result in failure.

Self- Efficacy (SE)

Self-efficacy is defined as people's beliefs about their capabilities to produce designated levels of performance that exercise influence over events that affect their lives (Bandura1997). Self-efficacy beliefs determine how people feel, think, motivate themselves and behave. Entrepreneurs are perceived as having a high level of assurance in their capabilities and who approach difficult tasks as challenges to be mastered rather than as threats to be avoided. Such an efficacious outlook fosters intrinsic interest and deep engrossment in activities (Bandura1997). They set themselves challenging goals and maintain strong commitment to them. When met with failure, they heighten and sustain their efforts and quickly recover their sense of efficacy after it. Also they attribute failure to insufficient effort or lack of knowledge and skills which they think can be acquired. This approach produces personal accomplishments, reduces stress and lowers vulnerability to depression.

Hypothesis and Hypothesis Testing

- There is no difference in the entrepreneurial traits of male and female entrepreneurs.
- This Hypothesis is rejected as Table 1, shows the differences in the means of the entrepreneurial traits of the male (denoted by “0”) and females (denoted by “1”).
- There is no difference in the achievement motivation of the first and second generation entrepreneurs.
- Table 3 & 4 shows that the Independent sample t-test proves that the means of achievement motivation for both the generations are equal. Hence, the hypothesis is accepted.
- There is no difference in the Locus of Control of the first and second generation entrepreneurs.
- Table 3 & 4 shows that the Independent sample t-test proves that the means of Locus of Control for both the generations are equal. Hence, the hypothesis is accepted.
- There is no difference in the Meta cognition of the first and second generation entrepreneurs.
- Table 3 & 4 shows that the Independent sample t-test proves that the means of meta cognition for both the generations are equal. Hence, the hypothesis is accepted.
- There is no difference in the Need for Dominance of the first and second generation entrepreneurs.
- Table 3 & 4 shows that the Independent sample t-test proves that the means of need for dominance for both the generations are not equal. Hence, the hypothesis is rejected.
- There is no difference in the Passion for Work of the first and second generation entrepreneurs.
- Table 3 & 4 shows that the Independent sample t-test proves that the means of Passion for Work for both the generations are not equal. Hence, the hypothesis is rejected.
- There is no difference in the Self Efficacy of the first and second generation entrepreneurs.
- Table 3 & 4 shows that the Independent sample t-test proves that the means of Self efficacy for both the generations are not equal. Hence, the hypothesis is rejected.

DISCUSSIONS

The result of the research shows that there is not much of a difference between the entrepreneurial traits of male and female entrepreneurs. Although all other variables are almost equal but there is difference in achievement motivation and Locus of Control. Table 1 show that achievement motivation is higher in males (1.39) than in females (.73). Locus of Control is higher in females (1.80) than in males (0.52) (Table 1).

The analysis witnesses similarity in achievement motivation, Locus of control and Meta- cognition in first and second generation entrepreneurs. The need for dominance is higher in first generation entrepreneurs (2.90) than in second generation entrepreneurs (2.48).

The Passion for Work is more in second generation entrepreneurs (3.15) than in first generation Entrepreneurs(2.7). The Self Efficacy is less in second generation entrepreneurs (2.35) than in first generation Entrepreneurs (2.98). (Table 3)

CONCLUSIONS

Although there is not much of a difference in the entrepreneurial traits of different generations but the need of dominance which is higher in first generation and Passion for work higher in second generation seems to be the probable reason for the conflicts between the two generations.

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APPENDICES

Table 1: Means of Variables on Basis of Gender. (Here “1” Denotes Female and “0” Denotes Males)

Group Statistics

	gender	N	Mean	Std. Deviation	Std. Error Mean
Ach motivation	1	40	.7340	1.33808	.21157
	0	88	1.3942	1.01654	.10836
LoC	1	40	1.80	.925	.146
	0	88	.52	.894	.095
Meta cognition	1	40	2.95	1.436	.227
	0	88	2.67	.970	.103
Need for dominance	1	40	2.000	2.3315	.3686
	0	88	2.691	1.0107	.1077
Passion for work	1	40	2.7320	1.95008	.30833
	0	88	3.3436	.47893	.05105
Self Efficacy	1	40	2.000	2.1780	.3444
	0	88	2.514	1.0492	.1118

Table 2: T-Test – Compare Means on Basis of Gender

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Ach motivation	Equal variances assumed	8.191	.005	-3.075	126	.003	-.66018	.21470	-1.08508	-.23529
	Equal variances not assumed			-2.777	60.286	.007	-.66018	.23771	-1.13562	-.18474
LoC	Equal variances assumed	2.629	.107	7.429	126	.000	1.280	.172	.939	1.621
	Equal variances not assumed			7.331	73.172	.000	1.280	.175	.932	1.628
Meta cognition	Equal variances assumed	14.171	.000	1.302	126	.195	.282	.216	-.146	.710
	Equal variances not assumed			1.130	55.791	.263	.282	.249	-.218	.782
Need for dominance	Equal variances assumed	29.542	.000	-2.345	126	.021	-.6909	.2947	-1.2741	-.1078
	Equal variances not assumed			-1.799	45.797	.079	-.6909	.3841	-1.4641	.0823
Passion for work	Equal variances assumed	52.282	.000	-2.776	126	.006	-.61164	.22037	-1.04773	-.17554
	Equal variances not assumed			-1.957	41.154	.057	-.61164	.31253	-1.24274	.01946
Self Efficacy	Equal variances assumed	26.147	.000	-1.804	126	.074	-.5136	.2847	-1.0770	.0497
	Equal variances not assumed			-1.419	47.424	.163	-.5136	.3621	-1.2419	.2146

Table 3: Means of Variables on Basis of Generation

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Ach motivation	Equal variance assumed	.015	.901	1.141	236	.255	.17713	.15527	-.12876	.48301
	Equal variance not assumed			1.136	226.217	.257	.17713	.15593	-.13013	.48438
LoC	Equal variance assumed	6.710	.010	-1.404	236	.162	-.220	.157	-.529	.089
	Equal variance not assumed			-1.381	208.963	.169	-.220	.159	-.534	.094
Meta cognition	Equal variance assumed	39.837	.000	-1.195	236	.233	-.23125	.19347	-.61240	.14990
	Equal variance not assumed			-1.156	177.840	.249	-.23125	.19996	-.62586	.16336
Need for dominance	Equal variance assumed	.006	.940	2.222	236	.027	.425	.191	.048	.802
	Equal variance not assumed			2.248	235.995	.025	.425	.189	.053	.797
Passion for work	Equal variance assumed	.724	.396	-3.068	236	.002	-.42550	.13870	-.69874	-.15226
	Equal variance not assumed			-3.129	233.075	.002	-.42550	.13598	-.69342	-.15758
Self Efficacy	Equal variance assumed	.508	.477	3.190	236	.002	.622	.195	.238	1.006
	Equal variance not assumed			3.192	231.270	.002	.622	.195	.238	1.006

Table 4: T-Test – Compare Means on Basis of Generation Independent Samples Test

Group Statistics					
	Generation	N	Mean	Std. Deviation	Std. Error Mean
Ach motivation	1	110	1.3650	1.22985	.11726
	2	128	1.1879	1.16279	.10278
LoC	1	110	.70	1.337	.128
	2	128	.92	1.079	.095
Meta cognition	1	110	2.5250	1.81259	.17282
	2	128	2.7563	1.13802	.10059
Need for dominance	1	110	2.90	1.344	.128
	2	128	2.48	1.572	.139
Passion for work	1	110	2.7270	.90877	.08665
	2	128	3.1525	1.18572	.10480
Self Efficacy	1	110	2.98	1.492	.142
	2	128	2.35	1.506	.133

Table 5: T-Test – Compare Means on Basis of Generation Independent Samples Test

Independent Samples Test											
		Levene's Test for Equality of Variances		t-test for Equality of Means						95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper	
Ach motivation	Equal variance assumed	.015	.901	1.141	236	.255	.17713	.15527	-.12876	.48301	
	Equal variance not assumed			1.136	226.217	.257	.17713	.15593	-.13013	.48438	
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