

Impact of Entrepreneurial Characteristics on the Organizational Development of the Small Business Entrepreneurs

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Abstract

The main objective for the study is to assess how the characteristics influence the organizational development. To measure entrepreneurial characteristics, achievement competences, planning competences and power competences were selected as independent variables and their impact on organizational development was measured through a sample of 105 entrepreneurs from Kandy district by using random sampling technique. The Regression and correlation analysis was done to find out the contribution of each variable. The correlation analysis showed that the characteristics of the small business entrepreneurs in Kandy district had significant relationship with organizational development. According to the regression model, achievement competencies and power competencies are of low level contribution to organizational development whereas the planning competencies contribute comparatively more. This study concluded that characteristics significantly influenced organizational development.

Key words: competencies, entrepreneurship, organizational development

1. Introduction

Compared with large and medium industries, small enterprises are the back bone of all developing nations. Sri Lankan economy is also a predominantly small and medium enterprise economy, where over 50% of GDP is produced by this sector (Economy of Sri Lanka). The Government also gives significant emphasis for the development of Small and Medium Enterprises (SMEs).

As the characteristics of the entrepreneurs pave way or related to the development of the organizations, this research is attempts to understand how the characteristics of the small business entrepreneurs of the Kandy District contribute to their organizational development. As the available information indicate that a considerable number of small business ventures have been closed in Kandy district in the recent past, the researchers attempts to do this study as a remedial measure.

Therefore, the aim of this study is to evaluate the characteristics of the entrepreneurs and the extent of the success gained in the enterprise through the organizational development. The researchers try to find out the level of entrepreneurial characteristics, their relationship with organizational development and how they influence the organizational development.

Hashim, Wafa, and Suliman (1999) have proven empirically that entrepreneurial characteristic of the owner / managers are closely related to the success of the firm. A study specific in this industry is very important because the characteristics of the owner/manager have been shown to be influenced by industry practices (Kotey and Meredith, 1997).

As Stainer and Solem (1988), and Wijewardena and Zoysa (1993) indicate that organizational development depends on the characteristics of an entrepreneur, it is uncertain and possibly questionable the extent to which the Sri Lankan entrepreneurs inherently possess such qualities to have their organizational development. Being a high -achieving entrepreneur is not that easy. An entrepreneur should have several special characteristics that help them to become a successful businessman. An entrepreneur should be a risk taker; he/she should be innovative, self-confident, goal setter, hard worker, and accountable person (Siropolis, 1997).

Since this study specifically focuses on the entrepreneurs in the Kandy district and the secondary data also indicate that a considerable number of small business ventures have been closed (28 in 2007, 39 in 2008, 27 in 2009, 35 in 2010 and 23 in 2011 (source: Business Registration and Cancellation Record Books), the specific research problem of this study is:

Do the characteristics of the small business entrepreneurs in Kandy district have impact on their organizational development?

The main objective of this study is to explore how the entrepreneurial characteristics are useful for organizational development and to the existence of small ventures in business environment in Kandy, thus assessing the relationship between the entrepreneurial characteristics and organizational development. Further, this study attempts to assess the level of achievement, planning, and power competencies, of the entrepreneurs in