

Internal Locus of Control of Small Scale Industrialists In SIDCO Industrial Estate

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Abstract

Entrepreneur is a creator of a business and has to take decisions associated with the business activities. He should possess the potentiality to solve problems independently for the success of the business and take risk/loss if any occur on the basis of his decisions. Doing business in a competitive world involves risks and uncertainty. With the experience gained in business and by intuition, the business men solve problems. Starting small enterprises in underdeveloped areas is a risky one that needs more internality business. This paper analyse the locus of control of small scale industrialists and its three dimensions namely internality, externality others and externality chance.

Keywords

Internality, Externality Others, Externality Chance, SIDCO, Locus of Control

INTRODUCTION

Entrepreneur is someone who introduces new ideas and changes the rate at which the wheels of enterprise go around. Entrepreneur is an agent of change, an innovator, a risk-taker, who exploits business opportunities in his environment and utilizes resources effectively to develop new technologies, produces new products and services to maximize his profits and contributes significantly to the society's development. Small scale industries contribute more to the economic development of a nation since it is labour intensive. Internal locus of control plays a vital role in entrepreneurial activity and normal working life of an individual. Innovation and creativity are based on internal locus of control. Individuals having high internal locus of control can do their work consistently without being affected by the environment. Locus of control contains both internal as well as external (both externality chance and externality others) influencers. Individuals who identify with an internal locus of control tend to take more responsibility without blaming others for their actions, whether those actions or the end results are good or bad. Individuals affected by externality chance believe that events namely fate, luck have determined their destiny. People with an externality of others believe that forces outside of themselves affect their ability to succeed. People

are influenced either internally or externally. Internality is very important in entrepreneurial life because it helps the entrepreneur to take decisions based on intuition.

REVIEW OF LITERATURE

Individuals with belief in their ability to control their destiny are the entrepreneurs (McClelland, D.C., 1965). Durand and Shea (1974) found that entrepreneurs with high need for achievement and internal locus of control were found to be significantly more active than individuals with low need for achievement and low internality. A number of research studies supported the belief that entrepreneurs tend to have an internal locus of control. J.A. Hornaday and J. Aboud, (1971). Brockhaus (1975) found that students who have intentions to become entrepreneurs scored high in 'internal' compared to those who had no such intentions. Entrepreneurs controlled by internals are less likely to let external events dominate their lives and more likely to be proactive rather than reactive in coping with their environments (S. Cromie and S. John 1983).

OBJECTIVES

To examine the level of internality of the respondents in the study area

To assess level of externality of the respondents of the study area

Methodology

The study is based on primary data. For studying Locus of Control, Lifestyle Inventory Scale developed by Levenson (1972) has been used. It has Locus of Control dimension that includes Internality, Externality Others and Externality Chance. The inventory contained 30 questions with a 5 point scale namely if you strongly feel this way, if you generally feel this way, if you somewhat feel this way, if you slightly feel this way, if you hardly or never feel this way with points 4, 3, 2, 1 and 0 to the respective scales. The scale has 10 questions for internality, 10 questions for externality others and 10 questions for externality chance that totally constitute locus of control. The industrial estate developed by Small Industrial Development Corporation, Valliyur is selected for study. In this Industrial estate, 45 units were allotted to industries, out of that only 25 units are running. A

questionnaire was distributed to all the units but only 23 respondents were responded fully and the study is based on the data.

ANALYSIS AND INTERPRETATION

The mean and standard deviation and ranking of dimensions of locus of control is given in Table 1.1.

Table 1.1

Rank of the Respondents on Locus of Control Dimension

Locus of Control	Mean	Standard Deviation	Total Score	Ranking
Internality	34.8261	3.21435	801.00	I
Externality others	33.0000	2.59370	759.00	II
Externality chance	26.4783	6.17818	609.00	III

Source: Computed from Primary Data. S.D. – Standard Deviation.

Table 1.1 states mean, standard deviation and total score of internality, externality others and externality chance. On the basis of the mean and total score, the researcher infers that internality stood first followed by externality others and externality chance.

For finding the level of Internality, it is divided into little internality, Moderate Internality, High Internality and Very High Internality. As per Levenson, the developer, scores more than 33 are treated as very high internality, scores ranging from 29 to 32 are high internality level, scores ranging from 18 to 28 are moderate level, and Scores below 17 are little internality level. The level of the respondents on the internality is given in Table 1.2.

Table 1.2

Level of Internality of the Respondents

Level of Internality	Frequency	Percentage
Little Internality	-	-
Moderate Internality	1	4.3
High Internality	4	17.4
Very High Internality	18	78.3

Source: Computed from Primary Data.

It can be inferred from table 1.2 that out of 23 respondents, 18 have very high internality level, 4 have high internality, 1 has moderate internality. No one is having little internality.

On the basis Levenson's directions, both externality others and externality chance the scores are grouped into dependence, independence, Realistic dependence, Dysfunctional dependence. Scores more than 30 are treated as dysfunctional dependence, scores ranging from 21 to 29 are treated as realistic dependence, scores ranging from 17 to 20 are independence orientation and Scores below 16 are orientation of counter independence. Lower the score the better. The level of the respondents on externality others and Externality Chance is given in Table 1.3.

Table 1.3
Levels of Externality Others and Externality Chance

Levels	Externality Others		Externality Chance	
	Frequency	Percentage	Frequency	Percentage
Orientation of Counter Dependence			1	4.3
Independent Orientation			4	17.4
Realistic Dependence	3	13.0	7	30.4
Dysfunctional Dependence	20	87.0	11	47.8

Source: Computed from Primary Data.

Table 1.3 shows that 87 per cent of the respondents influenced by externality others and 47.8 per cent of the respondents influenced by externality chance have dysfunctional dependence. Thirteen per cent of the respondents influenced by externality others and 30.4 per cent of the influenced by externality chance have realistic dependence. Seventeen per cent of the respondents influenced by externality chance have independent orientation. Only one respondent influenced by externality chance have orientation of counter dependence.

Internality Ratio

Internality plays an important role in human development and meaningful living. Evidence obtained supports the assumption that an internal locus of control leads to achievement. Some

studies have also shown a high and positive correlation between internality and perseverance. Internality was found to be an important characteristic of people with high achievement motivation. Internals prefer a participatory management style, whereas externals prefer a directive style.

A number of research studies supported the belief that entrepreneurs tend to have an internal locus of control. Since business owners with an external locus of control believe to be in control of other people or chance events they are assumed to be less active in their daily work and thus, be less successful. After knowing the importance of internality, the researcher used the internality ratio formula given in the scale to know the proportions of internality to externality of the respondents. The score of internality to externality is given to be more than one; a respondent has more internals than externals.

$$\text{Ratio of Internality} = \frac{\text{Internality}}{(\text{Externality chance} + \text{Externality others})}$$

Table 1.4

Ratio of Internality to Externality Others, Externality Chances and Externality

Ratio	Internality to Externality Others	Internality to Externality chance	Internality to Externality
Less than 1	7 (30.4)	2 (8.7)	23 (100)
More than 1	16 (69.6)	21 (91.3)	-
Total	23	23	23

Source: Computed from Primary Data

Table 1.4 shows that 69.6 per cent of the respondents got more than 1 as internality to externality others ratio score, internality to externality chance score of 91.3 per cent respondents were more than 1 infers that the respondents are influenced more by externality chance and others.

For all the respondents internality to total externality is 1, infers that all the respondents are externally influenced than by internality.

SUGGESTION

1. While conducting capacity building programme, entrepreneurial development agencies could conduct psychology test to know the internality of the prospective trainees, select the trainees on the basis of internality score, then the success rate of the programme will be increased.

CONCLUSION

The entrepreneur is an important agent of change, contributing significantly to the economic development in terms of wealth and employment creation, stimulation of indigenous entrepreneurship and so on. The government recognizes the economic role of the entrepreneur and has continuously crafted policies that would enhance the development of entrepreneurship in the country. Small scale entrepreneurs take initiation to realise their potentialities and develop their innate qualities to develop business for employment generation and economic activities.

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