

Age and Education as Determinants of Entrepreneurship: A Study of Micro and Small Enterprises in Aizawl District, Mizora

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Abstract

Age and educational level of an individual are considered as important determinants of entrepreneurial activity. Entrepreneurship among the tribal communities in the North Eastern Region of India is gradually gaining popularity with the growth of education and contraction of job opportunities in the public sector. Industrialization through entrepreneurship development is now considered the most effective means of achieving economic development not only of a country but also of various regions in a balanced manner. It has a crucial role to play in generating employment, poverty reduction and exploitation of natural resources for economic development in the backward region like Mizoram. In spite of the North Eastern Region endowed with rich resources, it remains backward economically and industrially mainly due to inadequacy of supply of entrepreneurship. The reservation for the underdeveloped communities in government jobs is going to be less significant because job avenues in the government or public sector are gradually shrinking in the context of liberalization, privatization and globalization. Therefore, the need of the hour is to encourage entrepreneurship as the way of livelihood by the new generations not only for self employment but to provide employment to others. This paper identifies the sources of entrepreneurship in Aizawl district of Mizoram by the socio economic characteristics of the entrepreneurs such as educational level and age of the entrepreneurs.

Keywords: *Entrepreneurs, entrepreneurship, micro enterprise, micro and small enterprises, age of the entrepreneurs, education.*

Introduction

The entrepreneurial activity at any time depends on a complex and varying mixtures of socio economic, psychological, and other factors (Gangadhara Rao, 1986). A mul-

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titude of factors affects entrepreneurial spirit among people and they, in turn cast their influence on environment. The process of interaction and adaptation between the individual and his environment goes on. At any given time, the individuals take meanings from the situations in which they find themselves through the media of social roles, group norms and cultures, past experience and future expectations. The age and the level of education, as components of the individuals human capital, are considered to be important factor of entrepreneurial activity by most studies of entrepreneurship (Parker, 2009).

The period after independence has witnessed tremendous social, economic and political changes in India. These changes had their profound influence on entrepreneurial activity in different regions of the country. Several new entrepreneurial communities not known for mercantile background traditionally came foreword to start economic activities in trade, manufacturing and service sectors. Their scale of operation is generally small. The small business has been playing a key role in industrialization in Indian economy and will continue to be so in the future. Therefore, an analysis of factors which prompted the entrepreneurs under the study to start their business may provide a clue to the influences to which these new and small entrepreneurs reacted to (Narasimha Murthy, 1989)

The status of entrepreneurship development in Mizoram is not much different from other north east states; rather it is yet to find a place on the industrial map of India being 'a no industry area' at the national level. In Mizoram, there are no large scale industries. The industry of Mizoram is dominated by tiny industries, village and cottage industries, handloom and handicraft industries etc, with small investment. Mizoram did not make much progress in the development of industries of any type big or small. There is a high dependence on government jobs. Besides this, the few public sector enterprises in the state are making heavy losses every year and they failed to expand their activities and can not be taken as a role model for future entrepreneurs. This may be due to political and social factors-lack of entrepreneurial mind and future vision. Mizo are known to be sincere, courageous, industrious, intelligent and capable of learning but lack specialization and are averse to physical labour. Mizo people love white-collar jobs. One solution to the problem of educated unemployed may be development of entrepreneurship. The government policy makers should take this as a challenge for them. There is a need to change the mindset of the new generations. Their horizons are to be opened up by bringing change in their thought.

Objective

The objective of this paper is to study the age and educational level of the micro and small entrepreneurs in Aizawl district, Mizoram.

Methodology

The study covers diverse range of micro and small enterprises in Aizawl district. Since it is an exploratory study, it is mostly based on primary data collected from the entrepreneurs of micro enterprises. As per the Third Census of Small Scale Industries, there were 2718 registered small scale industries in Mizoram, out of which 2027 were in Aizawl district (1914 were in Aizawl urban and 113 were in Aizawl rural). Precisely all these enterprises constituted the population from which the sample for the purpose of the present study had to be chosen. The number of entrepreneurs engaged in activities like manufacturing, printing/publications, food processing, handlooms, tailoring etc are found to be abundant in Aizawl district of Mizoram. Almost 75% of the registered enterprises (2027 out of 2718) are located in Aizawl district. Therefore, it was thought that Aizawl district represents the whole of Mizoram. The size of the sample was fixed at 20% of the enterprises in Aizawl district. Accordingly, a total of 406 enterprises (383 enterprises in Aizawl urban and 23 enterprises in Aizawl rural) were covered. Then the sample was drawn by using random sampling technique. However, in the course of identifying the sample enterprises in the field study it was found that some of the enterprises were either non-functional or closed units. In such instances, those sample units were selected randomly again. Another practical problem faced at the time of selection of sample units was relating to the nomenclature used in the records kept by the Directorate of Industries, government of Mizoram. In these records micro, small and medium enterprises were not differentiated because such data were based on the nomenclature used prior to the enactment of the Micro, Small and Medium Enterprise Development (MSMED) Act 2006. Hence the researchers had to take the difficulty of eliminating medium enterprises from the list with a view to confine to only micro and small enterprises. It was to be noted that such type of small enterprises are very few in the data provided by the Third Census of Small Scale Industries in respect of Mizoram.

Information from the sample entrepreneurs was collected by administering a schedule. Data were collected at the place of work of the entrepreneurs. The data thus collected were further supplemented by unstructured interviews with the entrepreneurs. The sample units drawn on the basis of random sampling technique fall under seven groups of business activities as such as food items, wooden, repair services, steel/metal products, printing/publication, handlooms, tailoring.

Findings and Discussion

It is identified the sources of entrepreneurship in Aizawl district of Mizoram by the socio economic characteristics of the entrepreneurs such as educational level and age of the entrepreneurs.

Age of the entrepreneurs

With regard to the age of entrepreneurs, the age of entrepreneurs is divided into five groups; the first group representing those below 30 years, the second group in the age group of 31 – 40, the third group in 41 – 50, the fourth group in 51 – 60 and those 60 years above are in the fifth group. The age at which the entrepreneurs entered the business is shown in Table 1. The age group 31 – 40 has the highest proportion (30%) among the entrepreneurs. The maximum number of the entrepreneurs started their business at a comparatively younger age, below 40 years of age, after completing their education., discharging their matrimonial engagements (getting married) and also after acquiring some years of experience. This indicates the early or late entry into entrepreneurial activity which has its own effect on the future of the enterprise.

This was followed by the age group 41 – 50 years which is 28.1%. The entrepreneurs in this group were matured and seem to have given more importance to gain enough experience before launching their ventures and also to their initial lot of commitments at home front when the children are more dependent on the parents. The third age group was found to be those of the entrepreneurs in the age group of younger ones who started their entrepreneurial pursuits at an early age of less than 30 years of age, which is 19.2%. They were bitten by the entrepreneurial bug rather early in their lives and were much more enthusiastic enough to wait for either getting married or gaining some experience before launching their business. On the other hand, lesser percentage of the entrepreneurs in this group may be attributable to the fact that at younger age, the potential entrepreneurs are not fully confident and are not well determined to run their own business. Compared with the fact that 15.8 % of the entrepreneurs entered into the entrepreneurial activity before fiftieth years of age, 6.9% of the entrepreneurs started their business at sixty years above. These entrepreneurs seem to have discharged all their duties at the home front and started their business with a view to pass their time in a productive way.

Overall data indicates that the entrepreneurs have the tendency to start their entrepreneurial activities at young age as almost 50% of the entrepreneurs ventured into entrepreneurship at the age of 40 years or below. However, going by the whole picture, age does not seem to be a bar so far as one's entry into business profession is concerned.

Table - 1**Age of the entrepreneurs' at the commencement of business**

Age of the entrepreneurs' at the commencement of business			
	Age of the entrepreneurs (in years)	No. of entrepreneurs	%
1	Below 30	78	19.2
2	31 – 40	122	30.0
3	41 – 50	114	28.1
4	51 – 60	64	15.8
5	Above 60	28	6.9
	Total	406	100.0

Source: Field survey

Education of the entrepreneurs

While studying the socio economic characteristic of entrepreneurs, it was considered important to evaluate the level of formal education because the formal education has always been considered as an important plus-point of an individual in building his entrepreneurial career. A higher level of education can positively affect the success of entrepreneurial ventures (Pragg, 1999). The formal education not only helps in the gaining the required knowledge for a job which demands non-traditional skills but also imparts knowledge about the different occupational opportunities. In Mizoram, the formal education is looked upon as a means to improve one's socio economic position in the society. People have now aware of the importance of education in the development of human resources. If one rejects the notion that investment in education must be productive, then he should also be prepared to reject the goal of rapid economic progress (Frederick Harbiton and Charles A. Myers, 1968)

The beginning and spread of education in Mizoram was mainly due to the hard labour and sincere efforts of the western Christian missionaries who came to Mizoram not long after the annexation of the land by the British in 1890 (Know Your Own Land, 1982). The history of education in Mizoram started with the coming of two Christian missionaries, Rev.J.H. Lorrain and Rev. F.W. Savidge who arrived at Aizawl, on the 11th January, 1894. Immediately they erected a small hut on a suitable hillock, now called Mac Donald Hill at Aizawl. In this humble hut they began their first mission of imparting education to the Mizo people. In the beginning of 1895 they ventured to prepare Mizo alphabet in Roman script. Few Mizo began to learn the preliminary lesions in this hut. The then Superintendent of Lushai Hills, Col. J.Shakespeare erected another hut for the hostel near Fort Aijal (Aijal was the

previous name of Aizawl). The hostel accommodated only few learners mainly the chiefs and the sons of the chiefs. The two missionaries, however stayed only for four years and returned to their country in December 1897. During their four years stay in Mizoram the missionaries started preparation of Dictionary of the Lushai Language. They were succeeded by another missionary, Rev. D.E. Jones in 1897 (Parry 2009).

Rev.D.E. Jones started schools afresh in 1898. Towards the end of the year, Rev. Edwin Rowlands joined him who was deputed to look after education in Mizoram. The first school was started on the hill behind the present Synod Bookroom, Aizawl. By 1900, there are six lower primary schools in different localities of Aizawl. In 1904, a separate school for girls was established on the opposite hillock. In 1901 census, there were 25 women literates against 736 men. According to the first School Report in October 1903, there were 15 (fifteen) lower primary schools in Mizoram, 6 (six) in Aizawl and the rest in various parts of the interior places. The first lower primary school exam was conducted in June 1903 where two females passed among the 19 successful examinees (Mizo Women Today, 1991).

One had to go outside Mizoram to pursue higher studies against odds and difficulties as there had not been any way of doing beyond Middle School level, and that was afforded only by a few wealthy people. The nearest High School had been the Government High School at Shillong (Meghalaya) which required about a 180 km by boat to reach the nearest railhead from Aizawl (Lalhmuaka 1981). With a steady progress and growing demand of students for higher studies, the first High School in Mizoram called Mizo High School was started in 1944. In spite of the benefits of Mizo High School, one's ambition for higher studies above matriculation was still to be met and even the bright ambitious matriculated students could not proceed further. A generation elapsed between the first high school and the opportunity of having a college. The main difficulty thereof being the disadvantageous just after the Second World War immediately following the departure of the British from India followed by independence with the vexed political atmosphere in Mizoram at that time.

In this background, it was thought prudent to study the educational level of the entrepreneurs. Education aimed at bringing out the best from man and thereby helping the development of a nation. Development of a nation is in turn the development of man. Man means his resourcefulness. Resourcefulness means initiative to find new and better ways and the plan to look for opportunities and turn them into reality. This is the relationship between education, entrepreneurship and development. Education is the best source of development of man's resourcefulness which makes him well balanced. Education is not for making people wealthy but for productive and for making people an asset and not a liability (Choudhury, 2000). This is the importance of education for entrepreneurial development.

In the present study it is ascertained the educational level of the entrepreneurs by the examinations they have passed or the degrees they have obtained from schools and colleges. The level of education has been indicated into five broad categories: (1) Illiterate - those who can neither read nor write (2) School - those who completed their higher secondary school in any discipline (3) College - those who completed their graduation in any course other than professional course (3) University - those who have obtained their master degree from any recognized university other than professional course (4) Professional - this includes diploma, degree or post-graduate degree in management and engineering. The educational level of the entrepreneurs are shown in table – 2.

Table – 2

Entrepreneurs' educational level

Entrepreneurs' educational level			
	Educational level	No. of	%
1	Illiterate	25	6.2
2	School	281	69.2
3	College	83	20.4
4	University	15	3.7
5	Professional	2	0.5
	Total	406	100.0

Source: Field survey

From the above tale it could be observed that only 6.2% of the entrepreneurs are illiterate. Their innate skills and talents may have encouraged them to enter business scene. Their low level of formal education did not act as a barrier to their entrepreneurial career. Majority of the entrepreneurs which is 69.2% had education only up to school level and slightly more than one-fifth of them had college education. While 3.7% completed education up to university, only 0.5% had professional education. Entrepreneurs with professional qualifications are not much coming forward into entrepreneurship probably because of their good job prospects.

Most of the parents send their children to schools with the intention of preparing them for government jobs. In a less developed state like Mizoram the first choice job is government job because of assured and regular income. But with the growth of population and increase in the number of educational institutions in the state, a large number of educated youths are produced by these institutions every year, it is not possible for the government to provide employment in government services to all the educated youths. Fortunately there are few institutions like polytechnic, ICFAI and

DoEACC where students can study various applied subjects. These institutions foster entrepreneurship among educated unemployed. Now, the Mizoram state government has and enforced the New Industrial Policy of Mizoram 2000. Under this policy the new and existing units can avail incentives and various types of subsidies. It is also expected that this industrial policy of the state encourage many educated unemployed to come forward to entrepreneurship.

Conclusion

From the present study it can be seen that the entrepreneurs have the tendency to start their entrepreneurial activities at young age as almost 50% of the entrepreneurs ventured into entrepreneurship at the age of 40 years or below. Age and educational level are introduced are explanatory variables in choice of entrepreneurship as work engagement option. However, going by the whole picture in the present study, age does not seem to be a bar so far as one's entry into business profession is concerned. It cannot be said that entrepreneurship finds no place among educated youths as about one-fourth of the entrepreneurs in the present study are graduates or post graduates. Therefore, it is interesting to note that the degree holders coming forward in such a significant proportions is an encouraging trend. Our data also indicates that a good educational background and success in business are positively related. Good formal education background enables the entrepreneurs to handle the problems in business in an efficient manner. Besides, in an economy where opportunities are few, education plays a significant role in shaping aspirations, ambitions, and a sense of achievement among entrepreneurs.

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