



## ENTREPRENEURIAL COMPETENCE OF BENEFICIARIES OF PRADHAN MANTI MUDRA YOJANA

Dr. Kala S

Assistant Professor, Department of management, University Institute of Technology, Adoor, Kerala

### ABSTRACT

The basic characteristics of an individual as well as the experience from involvement in the environment result in the formulation of entrepreneurial competencies. This study aims to find out the level of entrepreneurial competence of rural beneficiaries of a financing scheme like Pradhan Mantri Mudra Yojana in Kerala. PMMY is a positive exertion to satisfy the credit needs of the micro-entrepreneurs and self-employed people in the informal sector of the economy. The main objectives of Mudra are, to empower entrepreneurs and self-employed people by growing their capabilities and operations through the formal arrangement of credit and thereby reducing their indebtedness (Maneesh Agarwal, 2018). Entrepreneurial competence of rural entrepreneurs is measured through the factors such as Perceived Behavioural Control, Subjective Norms, Social Evaluation, Circle of support, Entrepreneurial Skills, Personal Traits.

**Keywords:** Entrepreneurial competence, Entrepreneurial skill, Pradhan Mantri Mudra Yojana

### INTRODUCTION

There is a growing awareness of the role of entrepreneurship in the socio-economic development of developing countries (Stevenson and Jarillo, 1990). Higher entrepreneurial spirit and entrepreneurial activities will greatly enhance the development of a country. Entrepreneurship, due to its unique features plays a prominent role in the growth and development of the society and it is a key contributor to innovation and economic development.

Bird (1995) indicated that effective entrepreneurs nurture their enterprises through their skills and competencies. Entrepreneurial competencies refer to a specific set of competencies for operationalizing entrepreneurship in a new enterprise (Mitchelmore and Rowley, 2010). Successful running of an enterprise depends mainly on the level of competencies archived by the entrepreneur. Bird (1995) revealed that entrepreneurial competencies had a relationship with the start-up, growth and sustainability of an enterprise

### REVIEW OF LITERATURE

Lewis and Churchill (1983) indicated that generally, both individual and entrepreneurial competencies determine the success of the business. Developing an individual's competencies can boost his strength and which enables him to manage an enterprise efficiently.

Bird (1995) indicated that effective entrepreneurs nurture their enterprises through their skills and competencies. Successful running of an enterprise depends mainly on the level of competencies archived by the entrepreneur.

Baum et al(2001) explained that the growth and sustainability of enterprises depend on the entrepreneurial competence possessed by the entrepreneurs. To increase the generalizability of a model of competence many studies measured specific competencies across various types and size of businesses

Philip (2008) in a work on entrepreneurship model for Kerala Found that a dependent nature of Performance of small entrepreneurs on the variables such as entrepreneurial competency, production and marketing strategy. The study revealed that a well-defined competitive strategy results in better performance of enterprises. It was concluded that the competitive strategies are needed for creating a successful model of entrepreneurship.

Linan (2008) delineated that entrepreneurship is linked to a set of skills, competencies and cognitive processes. Demographic, behavioural, psychological characteristics as well as characteristics related to technical know-how, have a strong relation with entrepreneurial competencies which in turn influence strong enterprise performance.

Andrews et al. (2011), stated that it is crucial to identify the factors of entrepreneurial competencies that predict business success. However, inadequate human competencies are the main challenges micro-enterprises need to overcome to survive.

Al-Mamun et al. (2016) pointed out that it is important to understand the key factors that affect entrepreneurial competencies and enterprise performance of low-income households who have limited qualifications, skills and access to working capital and enterprise training.

Nabiswa (2017) stated that micro and small enterprises, as the drivers of indigenous entrepreneurship, play a key role in developing the global economy by improving technological capability building, diffusion of innovations and capital mobilization.

Abdullah Al Mamun et al. (2019) revealed that entrepreneurial skills, market orientation and networking have a positive effect on entrepreneurial competence. Then, entrepreneurial competence, entrepreneurial skills and networking have a positive effect on enterprise performance. The findings show a significant mediation effect of entrepreneurial competency on the relationships between entrepreneurial skills, market orientation and networking and enterprise performance.

## **OBJECTIVES**

1. To assess the entrepreneurial competence of rural beneficiaries of Pradhan Mantri Mudra Yojana.

## **Hypothesis**

H<sub>1</sub>: The degree of entrepreneurial competence of rural PMMY beneficiaries is high.

## **Analysis on the Entrepreneurial Competence of the Rural Entrepreneurs of PMMY**

Entrepreneurial competency can be defined as the underlying characteristics possessed by an individual which result in the creation of new enterprises. The basic characteristics of an individual as well as the experience from involvement in the environment are resulted the formulation of entrepreneurial competence. The entrepreneurial competence of the rural entrepreneurs supported by PMMY is assessed with the help of the following variables

**Table 1. Entrepreneurial Competence of Rural Entrepreneurs of PMMY**

Sl. No.	Variables	Percentage stated positively	Mean	S.D	Median
1	Personal attitude	62.6	3.78	1.41	4.20
2	Perceived Behavioural Control	60.05	3.71	1.34	3.83
3	Subjective Norms	57.9	3.88	1.38	4.00
4	Social Evaluation	47.5	3.21	1.10	3.80
5	Circle of Support	66.06	3.81	1.35	4.00
6	Entrepreneurial Skill	55.92	3.75	1.27	4.21
7	Personality Traits	62.53	3.83	1.30	4.20
	Entrepreneurial Competence	58.93	3.72	1.26	4.04

Source: Primary Data

The mean value of the variables such as Personal attitude, Perceived Behavioural Control, Subjective Norms, Social Evaluation, Circle of Support, Entrepreneurial Skill and Personality Traits are 3.78, 3.71, 3.88, 3.21, 3.81, 3.75 and 3.83 respectively. And the overall mean value of entrepreneurial competency of the rural entrepreneurs are also rated with mean score and the overall mean value is 3.72 which is well above the statistical mean value of 3. Therefore, it can be concluded that the entrepreneurial competence of rural entrepreneurs in Kerala is at a high level.

### Testing of Hypothesis (H1)

H<sub>1</sub>: The degree of entrepreneurial competence of rural PMMY beneficiaries is high.

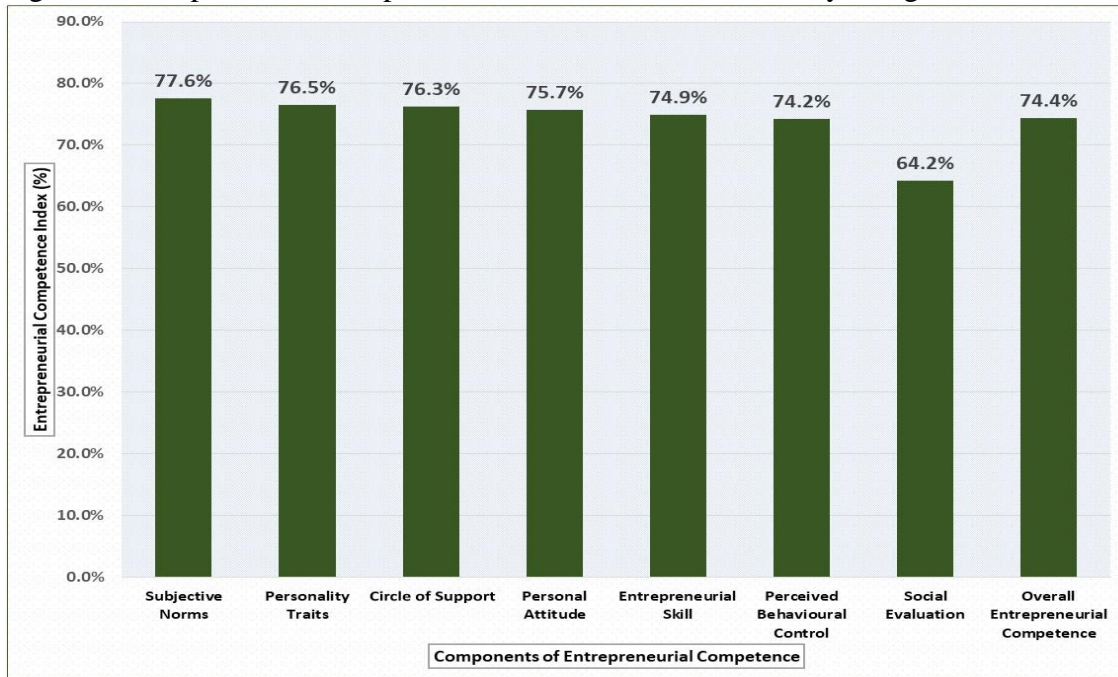
**Table 2. Summary Statistics of the Dimensions of Entrepreneurial Competence of Rural entrepreneurs of PMMY**

Sl. No.	Dimensions of Entrepreneurial Competence	Mean	S.D.	Skewness	Kurtosis	Median	N	Cronbach's Alpha (α)	Financial Empowerment Index (%)	One-Sample Wilcoxon Signed Rank Test Results*	
										Z Statistic	p value
1	Subjective Norms	3.88	1.38	-1.14	-0.10	4.00	450	1.000	77.56	10.65	<.001
2	Personality Traits	3.83	1.30	-1.35	0.24	4.20	450	.992	76.50	9.79	<.001
3	Circle of Support	3.81	1.35	-1.10	-0.11	4.00	450	.996	76.28	9.95	<.001
4	Personal Attitude	3.78	1.41	-0.88	-0.62	4.20	450	.990	75.69	10.10	<.001
5	Entrepreneurial Skill	3.75	1.27	-1.29	0.20	4.21	450	.997	74.94	9.62	<.001
6	Perceived Behavioural Control	3.71	1.34	-0.93	-0.39	3.83	450	.986	74.23	8.74	<.001
7	Social Evaluation	3.21	1.10	-0.75	-0.26	3.80	450	.979	64.20	3.38	.001
	Entrepreneurial Competence	3.72	1.26	-1.32	0.22	4.04	450	.997	74.36	9.44	<.001

Note: \* Hypothesised median = 3

Source: Primary Survey Data

The exploratory data analysis results for the entrepreneurial competence constructs and its seven components listed in Table 2 showed non-normality in the distribution of all the seven constructs, therefore, a non-parametric approach was followed for the analysis of these constructs. The sample data analysis showed that median of the entrepreneurial competence construct and all its components were higher than 3. A one-sample Wilcoxon signed rank test was performed to test whether the population median of these variables was significantly different from 3, the value at the centre point of the scale. The test results reported in Table 2 clearly show that the population median value was significantly different from 3, therefore, it can be inferred that the entrepreneurial competence of the rural entrepreneurs in Kerala was significantly higher than the moderate level. It exerts empirical support to our hypothesis that the degree of entrepreneurial competence of rural PMMY beneficiary is high.



**Figure 1. Summary Statistics of the Dimensions of Entrepreneurial Competence of the Rural entrepreneurs of PMMY**

A Friedman test was conducted to determine whether intensity of different dimensions of the entrepreneurial competence of entrepreneurs were different in the population. The test results showed that there was a statistically significant difference in the intensity of different dimensions of the entrepreneurial competence of entrepreneurs in Kerala,  $\chi^2(6) = 740.648$ ,  $p < .001$ .

**Table 3. Friedman Test Results**

Sl. No.	Dimensions of Entrepreneurial Competence	Mean Rank	Friedman Test Statistics	
1	Subjective Norms	4.73	$\chi^2$	740.648
2	Personality Traits	4.44		
3	Circle of Support	4.36	df	6
4	Personal Attitude	4.56	p-value	<.001
5	Entrepreneurial Skill	4.15		
6	Perceived Behavioural Control	3.73	N	450
7	Social Evaluation	2.03		

Source: Primary Data

## FINDINGS

On the basis of mean and median values derived, it can be inferred that the entrepreneurial competence of the rural entrepreneurs of Pradhan Mantri Mudra Yojana in Kerala was significantly higher than the moderate level. It exerts empirical support to our hypothesis that the degree of entrepreneurial competence of rural PMMY beneficiary is high.

## CONCLUSION

The present study assumes greater importance because it aimed to examine the entrepreneurial environment prevailing in the rural areas of a developed state like Kerala where the rural-urban divide is very narrow. The main objective of the study was to assess entrepreneurial competence of rural beneficiaries of Pradhan Mantri Mudra Yojana in Kerala. Entrepreneurial competence has been assessed through seven factors and is found to be high based on the result of the assessment. Based on the study we can conclude that PMMY is a scheme which creates empowered entrepreneurs both financially and competently in running their enterprises.

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