



Attitudes of the Youth towards  
Entrepreneurs and Entrepreneurship:  
A Cross-Cultural Comparison of India and China

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Abstract

*This study argues that social support is an important enabler in entrepreneurial activity in a country or a region. One untested assumption in policy making on entrepreneurship development has been that all regions are equally desirous of entrepreneurial activity and one policy could address issues in all regions. It was argued that societal attitudes towards entrepreneurs and entrepreneurship are important determinants for future entrepreneurial activity. These attitudes would be impacted by the family background of an individual and entrepreneurial development in the region an individual comes from. It was hypothesized that more positive attitude would be seen in (i) people form entrepreneurial backgrounds, and (ii) entrepreneurially more developed regions.*

*These hypotheses were tested on more than 5,000 respondents in India and China. The results for family background's influence on attitudes found strong support in both India and China. Regional development showed stronger influence on attitude in India than in China. The findings and implications for studying attitudes and policy making are discussed.*

**Keywords:** Attitudes, Entrepreneurs, Entrepreneurship, Cross-Cultural, India, China

Interest in studying entrepreneurs and their activities had been recorded since early 19<sup>th</sup> century. Entrepreneurs and entrepreneurship are arguably the pillars on which societies were built. Entrepreneurial activity has been identified as one resource that needs to be tapped by developing countries to enable them to compete in a globalizing market economy (Kanungo, 1998; Khandwalla, 1998). The Commission of European Communities (2005) reported that entrepreneurship is very important for further social development through increased job opportunities and consequent economic prosperity. In developing economies like India and China promotion of entrepreneurs and entrepreneurship has become a priority for the governments, financial institutions, and academic institutions. Partly because it is believed that such growth was made possible by efforts of the governments, institutions, and individuals who responded to calls for setting up business units.

In Indian Information Technology sector, for example, Small and Medium Enterprises (SMEs) in aggregate turned out to be largest employers ("SMEs largest employers: Skoch," 2002). An international consortium Global Entrepreneurship Monitor (GEM) carried out studies to measure entrepreneurial activities in several countries. It reported that India and China have consistently registered high entrepreneurial activities though the two countries had different patterns of support and investments in entrepreneurship (*GEM Hong Kong and Shenzhen Report, 2003*; Manimala, 2002). As the success stories of successful attempts at entrepreneurship became widespread, more and more people in China started their own businesses. In 2002, SMEs were responsible for about 60% of China's industrial output and employed about 75% of the workforce in cities and towns (China's small and medium enterprises: room to grow with WTO, <http://www.usembassy-china.org.cn/econ/smes2002.html>).

Despite differences in the democratic and totalitarian approaches of India and China respectively (Malenraum, 1959), there are some similarities. Today, both countries have billion plus populations, rich cultural heritage of their own, large natural resource base, and are fast growing economies. Given that culturally they are quite similar (Hofstede, 1980) it would be interesting to study as to how entrepreneurs and entrepreneurs are seen in these two similar looking yet different societies.

In an era of high economic growth the small and medium enterprises have continued to garner nearly 14% share in the Indian GDP. These enterprises have continued to grow faster than the national economy and the employment had grown by over 4% every year (GoI, 2006, p. 151-152). The Government of India (GoI) has emphasized on the importance of giving boost to the attempted to make the proposition for entrepreneurship attractive support in three formats; (i) government policies favoring promotion of entrepreneurial activity; (ii) making financial support available; and, (iii) setting up of academic or institutional support. In China multi-pronged strategies for promoting SMEs have been formulated by the government.

### *Efforts In India To Promote Entrepreneurship*

The Indian experience suggests that difficulties in starting up businesses and handling the pressures of entrepreneurship in the initial phases deter people from taking up entrepreneurship as means for livelihood. The grant of licenses and policies and controls and taxations had been cited as one of the major hurdles in the setting up and running of new businesses (Awasthi & Sebastian, 1996; Gautam, 1979; Mokry, 1988; Sadhak, 1989; Singh, 1985). Thus, entrepreneurship had been encouraged in India by systematic attempts at removal of state imposed structural and regulatory roadblocks. More progressive governments had tried to make it easy for entrepreneurs to set up businesses. The growth of Bangalore, Hyderabad as hubs for organizations engaged in Information Technology business were direct outcomes of government's support in form of tax holidays to start-ups and sector-region specific concessions to start new ventures.

Second, there were attempts to make finances available to businesses. In the existing banking paradigm it was/is not so easy to get loans for starting new ventures or expanding current businesses. The Reserve Bank of India urged banks to consider easier lending to small and new businesses ("Banking not equipped to promote SMEs: RBI," 2002). The Government of India also increased efforts in this direction. Small Enterprise Development Bill of 2003 included guidelines for banks and other government agencies to ensure easy disbursement of loans to new ventures (Gopalakrishnan, 2004). Subsequently, lowering of borrowing rates from the banks also made it worth the while of entrepreneurs to run profitable business. These steps were/are being taken in the direction of making easy finance available to entrepreneurs.

Another form of support and development of entrepreneurial talent by various institutions came in the form of setting up training institutions for entrepreneurs. Setting up of national institutions such as the Entrepreneurship Development Institute at Ahmedabad is indicative of such thinking at the government level in India. Several institutions in the US, Singapore, the UK, and India set up special cells to support 'technopreneurs' and other innovators. These institutions provide basic management know how and understanding of how to start and run a business, and also incubate new businesses till they are able to sustain themselves.

### *Efforts In China To Promote Entrepreneurship*

China has witnessed an economic history very similar to India in a broad sense though it has advanced much further than India (World Development Indicators, 2002). There has been a shift in Chinese government's philosophy of the state from being the sole caretaker of its people to becoming a partner and resource provider to the businesses by investing in the education of its youth and help in starting enterprises. The efforts got a further boost with a five-pronged strategy to promote SMEs in China under provisions of the Small and Medium Enterprise Promotion Law of 2003. The support was to come in the form of incubation support by government and its nodal agencies, directive to banks to provide easier lending to start-ups, easier funding from a new SME development fund, market development by networking of SME with large firms, transfer of new technologies to SME on a favorable basis, and provision of information services to SME by government agencies.

### *One common assumption.*

At the heart of all these attempts is the assumption that entrepreneurship is good and society at large views entrepreneurship as beneficial, and given the right incentives it is possible to encourage a person to choose entrepreneurship. This assumption, however, remains largely untested. How people in general view entrepreneurship is not known. It is possible that if the society views entrepreneurship as valuable and positive a young person choosing a career will be encouraged to choose to become an entrepreneur. The same young person would possibly not be willing to choose entrepreneurship if there is by and large a negative evaluation of entrepreneurs and/or entrepreneurship. However,

there are very few studies that have examined the influence of societal attitude towards entrepreneurs and entrepreneurship. Autio (2005) argued that most studies in entrepreneurship have been about post-hoc activities. There is very little research to suggest factors *a priori* that could help in promoting entrepreneurship.

#### Influence Of Social Context On Attitudes Towards Entrepreneurs And Entrepreneurship

In absence of any evidence about how the society views entrepreneurship it is not clear what societal conditions encourage a person to choose to become an entrepreneur. It is not known yet if the driver for choosing entrepreneurship as the means for earning livelihood is the familiarity of an individual with successful attempts at entrepreneurship (in form of role models in the society or family occupation), approval by the society, need of the society, and/or basic drive of a person. An understanding of societal attitudes would give insights for policy making and promotion of entrepreneurship. In case, there is a positive attitude towards entrepreneurs (and entrepreneurship) it would be easier for policy makers to encourage entrepreneurship. They only need programs that would encourage entrepreneurial activity in the society. On the other hand if the attitude is negative, policies would only be successful once the society is willing to accept entrepreneurial activity as something that is positive. In such cases wide-spread attitude change programs would have to be initiated.

#### *Effect Of Family's Occupational Background*

Jackson and Rodkey (1994) concluded that socialization had an impact on an individual's attitude towards entrepreneurship. Socialization took place at home, at the place of education, and in other spheres of interaction of the individual. Socialization includes messages about what is good and positive, what lends status, what is valued by others etc. Early communication received and imbibed by an individual impacts career choices by inducing individuals to choose a career in which they are seen in positive light. Krueger and Carsrud (1993), and Lee, Chen, and Chuan (2004) posited that attitudes of people are precursors to their behavior. In Singapore, Lee and Wong (2003a, b) found that those showing more interest during programs on entrepreneurship were more likely to engage in entrepreneurial activity. The desire to study in entrepreneurship programs was, in turn, found to be higher in people coming from business family background. Together these suggest that background, socialization, and condition around an individual have an impact

on the preferences of individuals towards entrepreneurs and entrepreneurship. It is therefore proposed that

*H1a: Family background of an individual will have an impact on individual's attitude towards entrepreneurs and entrepreneurship. Therefore, individuals coming from business or entrepreneurial background will be more positive towards entrepreneurs and entrepreneurship.*

*H1b: It is hypothesized that there will be no difference in the influence of family background on individual's attitude towards entrepreneurs and entrepreneurship in China and India.*

#### *Effect Of Economic Activity And History On Attitude*

The extent of economic activity could also affect formation of societal attitude towards entrepreneurship. For example, while studying failure of alliances in Russia, different regions were found to have different preference levels for strategic alliances (Shpil'ko, 1991). In India, there are regional imbalances in entrepreneurial activity and economic activity. Table-1A summarizes the regional imbalances in activity and contribution to India's GDP for different regions. The western and southern regions in India are economically more advanced and entrepreneurially more active; the eastern region is least active (see Figure -1A). Similarly, Table-1B and Figure 1-B present the regional imbalance in economic activity in China. East China is the biggest contributor to Chinese GDP followed by South, North, West, Central regions respectively.

*Table 1A. India – Region's % GDP Share (1993-94 to 2002-03)*

	1993-94	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03
North	23.26	23.09	22.76	23.23	22.81	22.46	22.47	22.88	22.36	21.65
South	24.91	25.14	25.10	24.75	24.57	25.38	25.31	26.51	25.81	26.33
East	19.94	19.68	19.15	18.82	19.27	19.17	18.86	19.55	19.70	20.13
West	31.88	32.09	32.99	33.19	33.35	33.00	33.36	31.06	32.12	31.89

Source: Central Statistical Organisation

*Table 1B. China – Region's % GDP Share (1994-95 to 2003-04)*

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
North	14.63	14.48	14.47	14.38	14.39	13.95	13.67	11.28	12.93
South	33.86	34.03	34.10	34.29	34.54	35.35	35.62	45.75	35.73
East	33.67	33.68	33.70	33.88	34.01	33.92	34.10	29.16	35.06
West	10.46	10.42	10.44	10.18	9.96	9.53	9.36	7.73	9.09
Central	7.38	7.39	7.29	7.27	7.09	7.25	7.25	6.07	7.19

Source: China Statistical Bureau



Figure 1A. India - Regions' % GDP share (1993-94 to 2002-03)

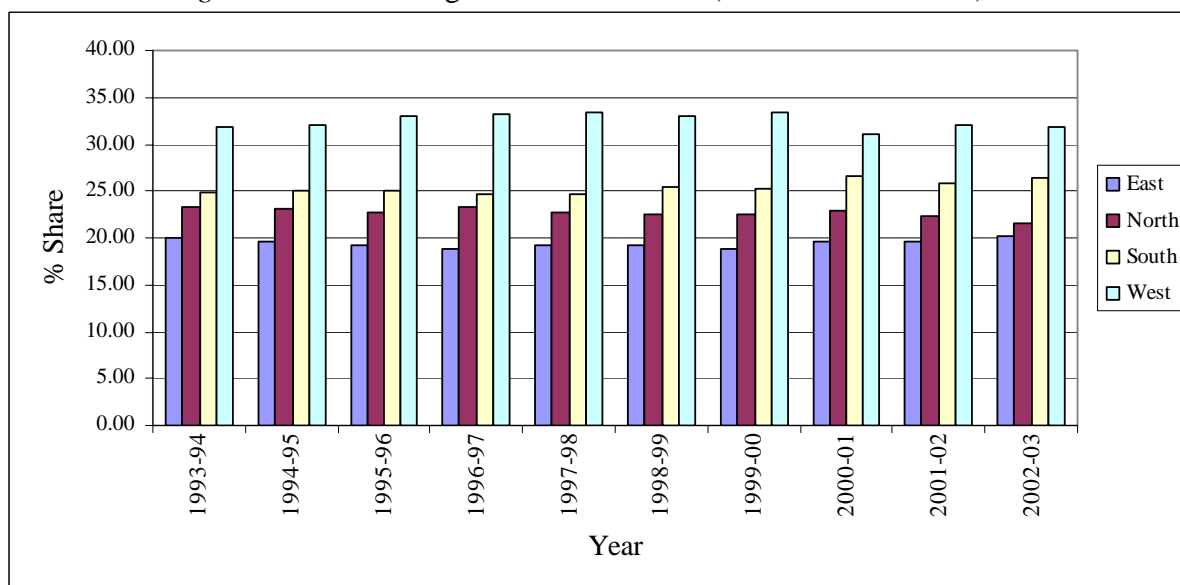
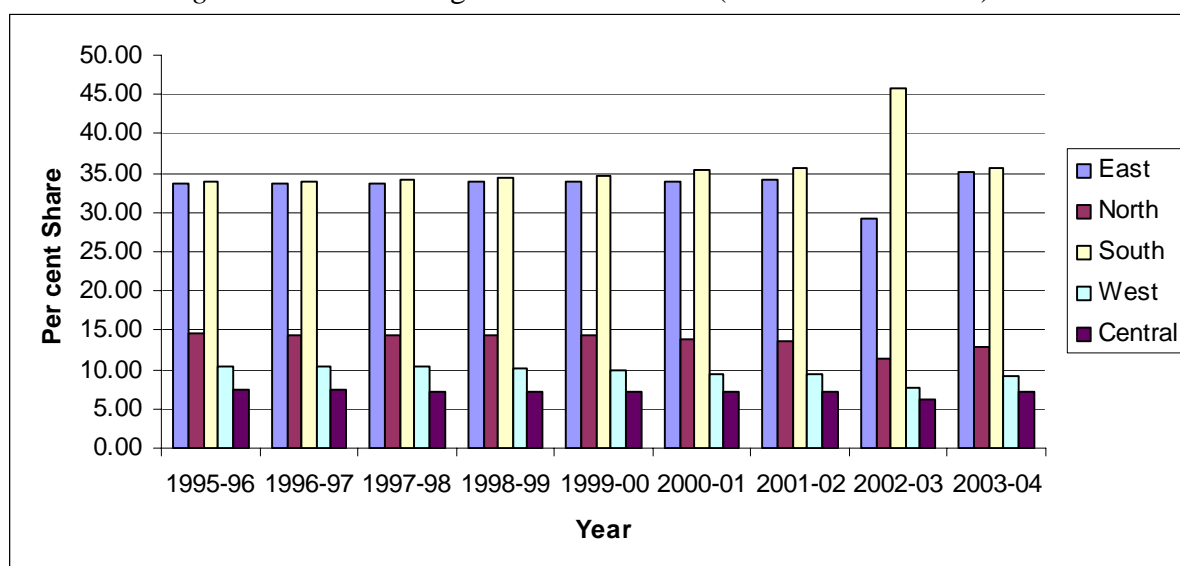


Figure 1B. China - Regions' % GDP share (1995-96 to 2003-04)



These regions also have different growth rates depending on the levels of economic activity in them. Table-2A presents average annual growth rates in per capita state income for India at 1993-94 prices for the period of 1993-94 to 2000-01. The southern region has shown highest average increase in income, followed by western region. Again, eastern India shows the least growth.

*Table 2A. India- Region wise % income growth (1993-94 to 2000-01)*

Region	Annual Growth Rates* (%)
North	5.25
South	6.2
East	4.025
West	5.275
India	6.3

\*At Constant (1993-94) Prices

Source: Economic Survey of Maharashtra 2002-03, Directorate of Economics & Statistics, Planning Department, Govt. of Maharashtra.

Table 2-B presents the annual growth rate for per capita income in different regions in China. The trends of growth are similar to those of contributions to country's GDP. The biggest contributor, East China region is also the fastest growing region in the country, whereas the smallest contributor (West region) is the slowest growing region within China. It seems the bigger region is getting even bigger in China as well.

*Table 2B. China- Region wise % income growth (1993-94 to 2000-01)*

Region	Annual Growth Rates* (%)
North	9.80
South	10.0
East	11.5
West	9.80
Central	9
China	8.9

Source: China Statistical Bureau

The combined trends indicate that regional imbalances in economic activity are growing and quite likely to grow over the next few years. It is likely that regions that have greater entrepreneurial activity would have more success stories, have presence of informal networks to support entrepreneurship, exhibit more resilience in case of failure, benefit from informal learning from social channels of communication, and give impetus to entrepreneurial activity in these regions. Together, they give rise to a positive spiral in favor of promoting entrepreneurship and entrepreneurial activity, thereby making the attitude towards entrepreneurs and entrepreneurship more positive in more developed regions. On the other hand, in less developed regions, there is lack of evidence of entrepreneurial success and therefore lesser examples from where one can learn about entrepreneurs and entrepreneurship. Together they result in a negative spiral that may lead to negative attitude towards entrepreneurs and entrepreneurship in lesser developed

regions. Therefore, one can expect that the attitude towards entrepreneurs and entrepreneurship would be more positive compared to lesser developed regions. It is hypothesized that

*H2a: Within a country, regions with higher entrepreneurial activity would have more positive attitude towards entrepreneurs and entrepreneurship when compared to lesser developed regions.*

*H2b: It is hypothesized that the trend will be similar in China and India.*

## Method

### *Operationalizing The Definition Of An Entrepreneur*

Despite the interest in the characteristics and phenomenon, there is little clarity on who is an entrepreneur and what is entrepreneurship (Cunningham & Lischeron, 1991; Kuratko & Hodgetts, 2004)? An entrepreneur has been characterized as a leader manager (JS Mill, 1848; as in Brockhaus & Horwitz, 1986; McClelland, 1961), innovator (Schumpeter, 1934), a risk taker (Brockhaus & Horwitz, 1986), has internal locus of control (Rotter, 1966; as in Brockhaus & Horwitz, 1986), and different from managers (Penrose, 1995).

A workable definition that spans across levels of success, size of activity, or social stratum in which such activity takes place was developed and used in this study. An entrepreneur is *an individual who establishes and manages a business for profit and growth. The business is the primary source of income and it consumes majority of the time and resources of the entrepreneur.*

Consequently, *the activity of establishing and managing a business for profit and growth is called entrepreneurship.*

### *Instrument Preparation*

A questionnaire was developed to assess attitudes of college youth towards entrepreneurs and entrepreneurship. Sixty four items were generated on the basis of literature and discussion with entrepreneurs about their perceptions of people's reactions towards them. It was administered to 35 volunteers in a city in western India. These volunteers were asked to mark their agreement and also report difficulties in answering any of the questions. Based on the responses twenty eight items were dropped because of the

difficulties reported by the respondents and they did not yield any differentiated responses. The modified questionnaire had 36 statements to measure attitudes on a five-point scale, two items for ranking various career choices, and three semi-projective items that required participants to choose one or more options as were found suitable to the situation. The modified questionnaire was administered to another 80 undergraduate students in a city in west India, and to 120 undergraduate students in an East Indian city. Analysis of these responses resulted in dropping of 27 attitude measurement statements and minor modifications in the remaining nine statements. One of the items was negative which was reverse coded at the time of analysis. A large number of people chose the neutral mid-point option because it was easier to choose the mid-point and it did not require them to commit to either side the scale was changed to a four-point one with strongly disagree, disagree, agree, and strong agree as the four anchor points. The use of a 4-point scale was tested and it showed that it made the respondents to show their agreement or disagreement with the item and they did not seem unduly pressured in choosing one of the four options. Thus it was decided to retain a four-point scale to allow better measurement of attitudes towards a particular item/statement. These nine items were presented in the final questionnaire as Part A. The two items that required participants to rank order career choices and perception of corruption among professions were retained with minor editing in the final questionnaire as Part B.

Part C had two semi-projective items. Out of three semi-projective items in the pilot questionnaire, one was dropped after the participants indicated that they were unable to differentiate between two of the given questions. The first semi-projective question was about evaluation of an individual who chose to leave a well-paying job to become an entrepreneur. In the second question participants were asked to mark their reasons for entrepreneurs being rich. Participants were asked to choose more than one reason if they felt the need for doing so. The choices included had positive and negative valences. Thus, if a respondent entrepreneurs/entrepreneurship negatively, the instrument would be able to record such responses. Finally, Part D had items related to demographic information of the participant. The demographic information asked for information about the degree program the participant was in, parents' highest educational qualification, major occupation(s) in their families, socio-economic status, and geographical region where participant had spent most of his/her life. The questionnaire had another section with some items for studying a different construct.

The initial questionnaire was developed and extensively tested in India. The final version of the Indian questionnaire was translated to Chinese and then back translated as suggested by Brislin (1986) to English by different Chinese Professors of English in Tianjin University. One of the items was found ambiguous and it was subsequently dropped. Final set of items and other questions used in this study are shown in Appendix-1.

### *Sampling Procedure And Administration*

All participant students in this study were volunteers. Participants were administered the questionnaire in a group setting both in India and China. The questionnaire was administered by one of the authors of this study or faculty members in respective colleges. After handing out the questionnaire to the participants, the participants were told that it would take about 10 minutes to fill in the questionnaire. The administrator also read out the definition of entrepreneurship given in the questionnaire. They were assured of their anonymity and were requested to give spontaneous and candid responses.

Undergraduate students studying humanities, languages, and pure sciences in various colleges participated in this study. Students pursuing undergraduate degree in commerce streams and professional courses such as medicine, engineering, computer sciences were not included in this study. It was assumed that students in professional courses/commerce stream may be more favorably inclined to entrepreneurship because of their own readiness to become an entrepreneur after receiving a relevant degree. Thus their responses may be biased favorably towards entrepreneurs and entrepreneurship and may not be representative of general population.

In India responses were collected from 20 non-metro cities equally divided in the north, south, east, and west regions of the country. The cities were selected from a marketing database. The profiles of the cities were similar and representative of urban centers in the region. These cities were also study hubs for those who desired to opt for higher studies within the region. Various colleges were contacted in each city, and the questionnaire was administered to volunteer participants in classroom settings. Therefore, the sample

presented here is representative of the educated urban youth in India. A total of 3,208 responses were collected in India.

The selection process to higher education in China ensures that students from all regions are represented in a single university. A nation wide entrance test is held and for every program in all national Chinese universities students are awarded a seat based on their rank and ranking of the university in the desired field of study. Participants in the selected disciplines (humanities, languages, and pure sciences) at four universities in Tianjin city of China were administered the questionnaire by a faculty member in a classroom setting. 3,000 responses in all were collected in China.

### *Data Analysis*

The occupations were initially divided into four categories of agriculture, business, service, and more than one occupation. If a participant spent most of his/her life in a region other than the region of data collection the response was dropped. Similarly, if a participant had left three or more responses blank the data was dropped. The data cleaning exercise resulted in 2,625 usable responses from India and 2,577 responses from China. The breakup of responses is shown in Table 3.

*Table 3. Respondent profile breakup for China and India*

	China		India	
	%	N	%	N
TOTAL	100	2577	100	2625
More than One Occupation	10.21	263	5.74	151
Business	7.02	181	26.74	702
Agriculture	18.24	470	12.11	318
Service	59.80	1541	54.17	1422
North	17.35	447	22.13	581
South	16.84	434	34.02	893
East	43.77	1128	19.43	510
West	8.65	223	24.42	641
Central	13.39	345	NA	NA

For respondents choosing “more than one occupation” several combinations were possible. Analysis of such responses became very complicated in respective occupation categories. Therefore, such responses were used for analyses only at aggregate and regional levels. These were excluded from analysis of occupational background. 263 Chinese and 151 Indian responses were therefore lost for this category for analysis of family occupation. Given the large sample size there was little or no change in effect size

for the occupational background analysis. Agreement of respondents was measured for each statement in Section A in both China and India. The agreement reported here is a combination of “strongly agree” and “agree” choices. Similarly disagreement was calculated by combining “strongly disagree” and “disagree” options.

## Results

The questionnaire used in this study had a mix of rating, ranking, and semi-projective questions. For a meaningful analysis items and questions using varying methods were combined. The analysis is described in four sections. The results on “overall positive evaluation of entrepreneurship” presented in the first section is the summation of ratings on three rating items from part A of the questionnaire which related to overall evaluation of entrepreneurs and entrepreneurship (entrepreneurship being better than working for others, popularity of entrepreneurs among friends and family, and respect for entrepreneurship in society). The second section which is titled the “Entrepreneurs and entrepreneurship is a worthwhile activity” included two rating items from part A (need to become entrepreneurs, choice of entrepreneur as a life-partner), and one semi-projective item on evaluation of choice to become an entrepreneur after leaving a well-paying job. The third section is comprised of items that measure “perceptions of entrepreneurs' life and their activities”. Items included are four rating items from Part A (entrepreneurs having a good family life, rewards associated with entrepreneurship, entrepreneurs being good paymasters, and entrepreneurs being rich) and one semi-projective question from the Part C about reasons for entrepreneurs being rich. Fourth section has presents analysis for the preference to choose entrepreneurship as a career over other careers and perceptions of entrepreneurs as corrupt as compared to other professions. Two rank order items included in part B of the questionnaire comprised this section. *t*-test was used to test significance of differences wherever applicable.

### *Overall Positive Evaluation of Entrepreneurship*

Table 4 shows percentage of all respondents in India and China classified by occupation and region in agreement with positive evaluation of entrepreneurs and entrepreneurship.

*Table 4. % Agreement: Overall Positive Evaluation of Entrepreneurs and Entrepreneurship*

	China		India	
	%	N	%	N
All respondents	61.80	2562	73.14	2548
By Occupation				
Agriculture	61.26	465	73.76	313
Service	59.67	1533	71.72	1380
Business	73.06	181	76.42	677
By Region				
North	60.18	443	72.75	554
South	64.70	434	75.62	885
East	61.44	1121	69.53	502
West	62.84	222	72.80	606
Central	60.78	342	N/A	N/A

73.14% Indian respondents were positive in their perception about entrepreneurs, while only 61.80% Chinese evaluated entrepreneurs favorably. The difference in perceptions was significant ( $p=.01$ ). When these participants were classified according to the major family occupations, it was found that both in India and China those coming from a business background were more favorable towards entrepreneurs. In both countries, those whose parents had service as major occupation perceived entrepreneurship least favorably. Overall Indian respondents were found to be more positive than those in China across all four occupational backgrounds at  $p=.01$  level of significance.

In India, students from southern India were found to have most positive perception towards entrepreneurs (75.62% participants from southern region agreed) followed by West India (72.80% agreement). Only 69.53% respondents from the Eastern region agreed with with a positive perception of entrepreneurs. While both west and north regions are industrially and entrepreneurially more active, the eastern region is the least industrially and entrepreneurially active region in India. Percentage agreement in Eastern region was significantly lower than in other regions in India ( $p=.01$ ).



Similar to Indian trends, Southern China had most positive perception of entrepreneurs and entrepreneurship (agreement 64.70%). This was followed by West region (agreement 62.84%) and East (agreement 61.44%). The differences were significant at  $p=.01$ .

The results supported the argument that entrepreneurially more active regions would be more favorable towards entrepreneurs and entrepreneurship in all regions of India. However, for China, the trends are not as hypothesized and the hypothesis is not supported in China.

### *Entrepreneurship Is A Worthwhile Activity*

Evaluation of entrepreneurship as an activity worth pursuing was measured in the second part of analysis. Given the differing nature of questions the results are reported in two sub-sections. First, sub-section included rating items and the second sub-section presents analysis of the semi-projective question.

### *Entrepreneurship is worth taking up.*

Table 5 presents percentage of people in agreement with two statements on entrepreneurship being a worthwhile activity.

*Table 5. % Agreement: Entrepreneurship being worth the while activity*

	China		India	
	%	N	%	N
All respondents	59.78	2560	63.12	2544
By Occupation				
Agriculture	63.77	464	65.99	309
Service	57.66	1533	59.38	1383
Business	63.54	181	70.29	675
By Region				
North	58.05	442	60.82	552
South	59.87	434	66.99	885
East	58.37	1121	59.84	504
West	65.80	222	62.31	602
Central	62.65	342	N/A	N/A

At country level, 63.12% Indians and 59.78% Chinese respondents viewed entrepreneurship being worth taking up. Therefore, attitude towards entrepreneurial activity in India was significantly more positive than in China ( $p < .01$ ).

When analyzed on the basis of family occupation, Indian students with business background were found to be significantly more positive (agreement 70.29%) towards entrepreneurial action than those from agriculture (agreement 59.38%) or service backgrounds (agreement 57.66%) at  $p = .01$  level of significance. In China too people from business category were significantly more positive (agreement 63.54%, significance level  $p = .01$ ) in considering entrepreneurship as a worthwhile activity. Those coming from service background had least positive attitude compared across categories. Thus, the hypotheses about family occupation background affecting the attitude towards entrepreneur and entrepreneurship was supported in both India and China.

Within India, South and West regions in India were more positive about entrepreneurial action choice with agreement levels of 66.99% and 62.37% respectively. India's East region showed significantly lesser positive attitude towards entrepreneurial action with agreement of 59.84% (significance level  $p = .01$ ). From Table 1 and Figure 1 it is clear that Eastern region in India is the least developed region in terms of entrepreneurial activity. Combining these pieces of evidence, the hypothesis about extent of entrepreneurial activity in different regions affecting attitude towards entrepreneurs and entrepreneurship was supported in India for entrepreneurship being a worth the while activity.

In China, West region showed most positive attitude towards entrepreneurial action (agreement 65.80%) followed by Central region (agreement of 62.65%). East and South regions in China are the most developed regions in terms of entrepreneurial activity, but these regions showed intermediate levels of positive agreement 58.37% and 59.87% respectively. Northern region in China showed least positive attitude with agreement of 58.05%. The differences in attitudes based on region were significant at  $p = .01$  significance level. However, the order of difference was not as hypothesized. Therefore, the hypothesis for regional differences in entrepreneurial activity leading to differences in attitudes towards entrepreneurs and entrepreneurship found no support in China for seeing entrepreneurship as an activity worth taking up.

*Action choice evaluation.*

One semi-projective question asked the respondents to judge the action of an individual who becomes an entrepreneur after leaving a well paying job. Choices such as, it was a good decision, helps realize own potential, allows him/her to be independent, and allows the person earn more money were indicative of positive attitude. The choices that indicate negative attitude are –it was a bad decision and not being responsible to the needs of the family. Responses that indicated becoming an entrepreneur was a “Good Decision” in both countries were analyzed on the basis of major family occupation of the respondents. Table 6 summarizes the results found for all Indians and Chinese and when categorized by family occupation and region.

*Table 6. Evaluation of action of becoming an entrepreneur after leaving a well paying job*

At aggregate level	China		India	
	%	N	%	N
Good Decision	51.96	1339	35.62	935
Bad Decision	6.25	161	14.82	389
Realize Potential	82.23	2119	42.32	1111
Wants more independence	68.1	1755	40.3	1058
More Money	50.76	1308	35.12	922
Not doing duty towards family	5.08	131	5.79	152
Good Decision by Background	China		India	
	%	N	%	N
Business	22.86	306	24.8	232
Agriculture	19.83	266	22.37	209
Service	18.96	254	18.2	170
Good Decision by Region	China		India	
	%	N	%	N
North	20.09	269	17.34	162
South	19.89	266	21.6	202
East	19.39	260	16.26	152
West	21.15	283	25.61	239
Central	18.68	250	NA	NA

In both China and India, entrepreneurship was found to have highest association with realization of potential (82.23% and 42.32% respectively) and independence of an individual (68.10% and 40.30% respectively). Also, over 50% the Chinese viewed entrepreneurial action as an enabler for earning more; only 35.12% Indians viewed entrepreneurship enabling more earning.

Students from business and agrarian backgrounds in India were more positive than their Chinese counterparts. The differences were significant ( $p < .01$ ). Moreover, students from business background outnumbered any other background in perceiving entrepreneurial action as a good choice by an individual. Therefore at the country level of analysis the family background of people does have an effect on their attitude towards entrepreneurs and entrepreneurship as those coming from business or entrepreneurial background viewed it more favorably. Therefore, the hypotheses for family background affecting the attitude towards entrepreneurs and entrepreneurship were supported for action choice evaluation in both India and China.

Only 16.26% percent people who perceived entrepreneurial action to be a good decision were from East India. The corresponding figure in West India was 25.61%. These figures represent the lowest and the highest in India. The data from India therefore supported the hypothesis that regions with more entrepreneurial activity have a more positive attitude towards entrepreneurship.

In China, lesser developed Western region was the most positive region about action evaluation (21.15%), followed by North, South, East, and Central regions. This is in contrast to the development of the region within the country. However, when the responses for entrepreneurship as a means to earn more money only were examined, those coming from lesser developed regions within a country see entrepreneurship as an enabler to earn more money. However, students from more developed regions in China were less likely to see entrepreneurship as a means to earn more money.

The results for regional break-up of action choice evaluation were quite intriguing. Several combinations of other positive responses (“realizing potential” and “wants more independence”) were tested, but none of them yielded insights. The attention was then focused on negative evaluation (“bad decision” and “not doing duty towards family”). However, given the fact that both India and China are collectivistic cultures it is possible that that money making and trying to become independent may actually be negative perceptions. When the data are reanalyzed using this scheme as shown in Table 7 it was found that more developed regions in India and China are more positive towards action choice of taking up entrepreneurship compared to lesser developed regions.

Table 7. Entrepreneurial Action as a means to earn more money – By Region

	China		India	
	%	N	%	N
North	18.62	244	21.84	201
South	18.38	240	17.80	164
East	19.36	253	22.42	207
West	20.66	270	20.27	187
Central	19.44	254	NA	NA

### Perceptions Of Entrepreneurs Life And Their Activities

Results of four statements in terms of agreement with perceptions of entrepreneurs and entrepreneurship as presented in Table 8.

Table 8. Positive perception of entrepreneurs' life and their activities (%)

	China		India	
	%	N	%	N
All respondents	48.31	2562	63.12	2547
By Occupation				
Agriculture	49.38	465	64.30	312
Service	47.09	1536	61.69	1385
Business	54.07	181	66.17	674
By Region				
North	47.73	443	63.88	551
South	49.72	434	65.43	886
East	47.50	1121	58.48	500
West	46.85	223	62.82	608
Central	50.85	342	N/A	N/A

At an aggregate level more Indians (agreement = 63.12%) than Chinese (agreement = 48.31%) agreed with positive description of entrepreneurs and entrepreneurship ( $p = .01$ ).

Comparing across occupations within a country, Indians coming from business background (agreement 66.17%) were significantly more positive than those from service (agreement 61.69%) or agrarian (agreement 64.30%) background about attitudes towards positive descriptors of entrepreneurs and entrepreneurship. Similarly in China, respondents belonging to business background (agreement 54.07%) were more positive than those whose families were in service (agreement 47.09%) or those who were from agrarian (agreement 49.38%) background. All differences were significant at  $p=.01$  level of significance. Therefore, both in India and China people from business or entrepreneurial background viewed entrepreneurs and entrepreneurship more positively

than those from service or agrarian family occupation background. The hypotheses about occupational background affecting attitude of people were supported.

Comparing between regions in a country, South India was found to be most positive (agreement 65.43%) followed by North (agreement 63.88%), West (agreement 62.82%), and East (agreement 58.48%) regions. All these differences were significant at  $p=.01$ . Therefore, economically and entrepreneurially more active regions described entrepreneurship and entrepreneurs more positively than the regions with lower activity. Thus the hypotheses about economic health of the region impacting the attitude of people in that area were supported fully in India. In China the central region was the most positive in its description of entrepreneurs and entrepreneurship (agreement 50.85%) leaving behind more developed South China (agreement 49.72%). North China too was comparatively more positive (agreement 47.73%) than East China (47.50%). Agreement with descriptors was significantly lower in West China at 46.85% ( $p<.01$ ). Therefore, for China the evidence in support of hypotheses about regional development impacting attitude toward entrepreneurs and entrepreneurship was only partial for positive descriptions of entrepreneurs and entrepreneurship.

Table 9 presents analysis of responses to one semi-projective descriptor about reason for entrepreneurs being rich. Choice of reasons such as capability, hardwork are indicative of positive attitude and reasons such as belonging to a rich family and exploitation of employees are indicative of negative attitudes.

*Table 9. Choices for reasons for entrepreneurs being rich*

Rich because...	China		India	
	%	N	%	N
Work hard	76.02	1959	67.09	1761
Strong family	18.16	468	27.54	723
Capable	80.17	2066	43.66	1146
Exploit employees	18.43	475	13.90	365

More than 80 per cent Chinese attributed wealth of entrepreneurs to their capability, whereas the most favored response in India was hard work put in by entrepreneurs. In fact, doing hard work was seen as a common characteristic by more than two-thirds of respondents in both India (67.09%) and China (76.02%). Attribution to capability of an individual was comparatively much lesser at 43.66% in India. Another difference

observed in Indian and Chinese responses was importance of family background in determining richness of entrepreneurs. Whereas 27.54% Indians attributed the reason for entrepreneurs being rich to hailing from rich families only 18.16% Chinese respondents felt so. Another trend was that significantly larger number of Chinese (18.43%) than Indians (13.90%) perceived that entrepreneurs exploit their employees to make themselves rich. This showed a comparatively negative attitude towards entrepreneurs and entrepreneurship in China than in India.

The responses were analyzed according to occupational background and regional bases (Table 10).

*Table 10. Reasons for entrepreneurs being rich (by occupation and region)*

	Work hard		Strong family		Capable		Exploit employees	
	China %	India%	China %	India%	China %	India%	China %	India%
<b>By Occupation</b>								
Business	40.73	46.15	9.12	16.33	42.86	29.17	7.29	8.35
Agriculture	41.02	45.59	7.16	17.42	42.84	27.96	8.98	9.03
Service	38.72	43.40	10.11	19.33	40.95	28.63	10.21	8.64
<b>By Region</b>								
North	39.09	44.83	9.77	21.05	41.48	24.38	9.65	9.75
South	40.52	46.75	8.72	13.44	42.17	31.19	8.6	8.63
East	38.36	44.69	10.41	18.13	40.58	29.4	10.64	7.77
West	42.66	38.96	6.77	22.38	43.79	28.19	6.77	10.47
Central	39.79	NA	8.43	NA	42.75	NA	9.02	NA

Both within India and China, from Table 10 respondents from business family background saw entrepreneurs as hard working, more capable, and less exploitative than any other occupational category. These respondents also did not quite agree with the reasoning that entrepreneurs hail from rich families. Therefore, the hypotheses for prior exposure to entrepreneurship in the family leading to more positive attitude towards entrepreneurs was supported in India and China.

On a regional basis, both India and China showed mixed results (*see* Table 10). Responses did not show a discernable trend across regions. For this particular question, entrepreneurially lesser active regions turned out to be more positive than entrepreneurially more active regions in both countries. Hence, hypotheses about regional

development affecting attitude towards entrepreneurs did not find support in either India or China for the question looking into reasons for entrepreneurs being rich.

### *Career Preference And Perception Of Entrepreneurs As Corrupt*

Career preferences measure attitudes indirectly by asking students to rank their preference for becoming an entrepreneur. It is assumed low ranking to entrepreneurship as compared to other professions will be indicative of relatively negative attitude while high ranking would indicate a positive attitude. Table 11 presents rankings for career preference for Chinese and Indian respondents at aggregate, family background, and regional levels. A job with a multi-national corporation turned out to be the most favorite of both the Chinese and the Indians. While Indians had a second preference towards a government job, Chinese preferred a job with large domestic company as their next option. Starting a business was ranked third as an aggregate by the Chinese, whereas Indians ranked it fourth after a job with a bank. Joining a small business was also given a low ranking.

*Table 11. Career Choice Preference (1=Most Preferred)*

	China							India						
	MNC	Large Domestic Company	Small Firm	Bank Job	Govt. Job	Business	Academics	MNC	Large Domestic Company	Small Firm	Bank Job	Government Job	Business	Academics
Aggregate	1	2	7	4	5	3	6	1	5	7	3	2	4	6
Occupation														
Business	1	2	6	4	5	3	7	1	5	7	3	2	4	6
Agriculture	1	2	7	4	5	3	6	1	4	7	5	2	3	6
Service	1	2	7	3	5	4	6	1	5	7	3	2	4	6
Region														
North	1	2	7	4	5	3	6	1	5	7	3	2	4	6
South	1	2	7	3	5	4	6	1	5	7	4	2	3	6
East	1	2	7	3	5	4	6	1	3	7	4	2	5	6
West	1	2	7	4	5	3	6	1	5	7	4	2	3	6
Central	1	2	7	4	5	3	6	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Comparing across occupations Chinese people coming from a business family (rank 3) background preferred entrepreneurship compared to those coming from service backgrounds (rank 4). In India, rankings by business and service background people were the same (4<sup>th</sup> preference). Thus, for the issue of entrepreneurship being a choice of career, the hypothesis for family background affecting the attitude towards entrepreneurship was



supported in China. For India, the hypothesis could not be supported or rejected with available information.

Within a country, regional trends were more or less similar. In India, lesser developed Eastern and Northern regions gave entrepreneurship a lower rank compared to more developed West and South regions. In China, however, more developed East and South China ranked entrepreneurship lower than the lesser developed regions of North, West and Central China. The hypothesis of regional development affecting the attitude towards entrepreneurs and entrepreneurship was therefore supported in India but rejected in China.

The respondents were also asked to give their opinion on who is more corrupt (see Table 12 for results). Again it was assumed that perceptions of entrepreneurs as more corrupt will be indicative of negative attitude.

*Table 12. Perception of who is more corrupt? (1=Most Corrupt)*

	China						India					
	Doctors	Government Officers	Managers in Corporations	Entrepreneurs	Bank Managers	Academicians	Doctors	Government Officers	Managers in Corporations	Entrepreneurs	Bank Managers	Academicians
Aggregate	3	1	4	5	2	6	3	1	2	5	4	6
Occupation												
Business	2	1	4	5	3	6	3	1	2	5	4	6
Agriculture	3	1	4	5	2	6	3	1	2	5	4	6
Service	3	1	4	5	2	6	3	1	2	5	4	6
Region												
North	3	1	4	5	2	6	3	1	2	5	4	6
South	3	1	4	5	2	6	3	1	2	5	4	6
East	3	1	4	5	2	6	3	1	2	5	4	6
West	4	1	3	5	2	6	3	1	2	5	4	6
Central	3	1	4	5	2	6	N/A	N/A	N/A	N/A	N/A	N/A

The choices for this item are very clear. There were no differences even after segregation across family backgrounds or regions. In both countries government officials were perceived to be most corrupt. Entrepreneurs were the fifth most corrupt class of professionals in India as well as in China across various family backgrounds and regions, indicating a relatively more positive attitude towards entrepreneurs and entrepreneurship. The only other professionals who were perceived as less corrupt were academicians in both, India and China across all regions and all classes.

Though overall only two hypotheses were presented for test, several combinations of the hypotheses emerged. Table 13 presents various hypotheses and a comparison of overall attitude in India and China.

*Table 13. Summary of results for various hypotheses in India and China*

	China		India		Higher in India or China
	Background	Regional difference	Background	Regional difference	
Overall Positive Evaluation	Full Support	No Support	Full Support	Full Support	India
Entrepreneurship is worth taking up	Full Support	Partial Support	Full Support	Full Support	India
Action Evaluation	Full Support	No support	Full Support	Full Support	Can't Say
Description	Full Support	Partial Support	Full Support	Partial Support	India
Rich because...	Full Support	No support/Inconclusive	Full Support	No support/Inconclusive	--
Entrepreneurship as a career	Full Support	No support	Inconclusive	Full Support	China
Entrepreneurs being corrupt	Inconclusive	Inconclusive	Inconclusive	Inconclusive	Can't Say

## Discussion

The study reveals that by and large there is a positive attitude among the youth towards entrepreneurship both in India and China. There is no data available from the past to be able to compare the attitudes of youth now to the past when the economies of both countries were in different stages of development and control. The youth also perceived entrepreneurship associated with positive rewards ability to lead a good life etc. The level of positive attitude for these items was less as compared to the first set of items measuring overall evaluation of entrepreneurs. The youth also felt that entrepreneurship was worth taking up and it would be a good idea to choose entrepreneur as life partners, and it was overall a good thing to start your own enterprise. Again as these items became more specific and indirect in measurement of attitudes they showed not as high positive ratings as was in the case of the items that measured overall evaluation of entrepreneurship. In the last set of items, the youth did not rank entrepreneurs as corrupt but in their career choices entrepreneurship was ranked only after jobs with multinational companies, government, banks etc. This possibly means that the youth find it good when someone chooses to be an entrepreneur. Entrepreneurs are good people, they will have a good life and will be able to realize their potential and try something independently. However, when it comes to their own actions they would prefer to

possibly choose not become an entrepreneur and they may not even wish to work for a small enterprise.

The results also show that attitudes towards entrepreneurship are influenced by both micro variables such as family background and macro economic variables such as economic activity in the region.

The findings of this study suggest that in both India and China, those coming from a business family background have a positive attitude towards entrepreneurial activity. In all measures of attitude towards entrepreneurs and entrepreneurship those coming from business families were found to be more positive. Even in career choices and their understanding of why entrepreneurs are rich, those from business families chose positive options more often. Greater familiarity with entrepreneurs and the ease of arranging necessary resources to start and run an enterprise (*see also*, Khanna and Palepu, 1997; Sharma and Manikutty, 2005). Also in a family where the parents/guardians are already engaged in business there would be more knowledge about running business and the life of an entrepreneur. This knowledge positively predisposes the youth towards entrepreneurship.

These results make it clear that early exposure to entrepreneurship would be a way to influence youth to become entrepreneurs. In setting up programs and designing intervention to encourage entrepreneurship it may be best to provide inputs at higher secondary school level rather than after the person has completed their education or when the person has failed to get a job.

The *macro* level results to large extent support hypotheses about regional economic development influencing the choice of taking up entrepreneurship to earn a livelihood. Support for the hypotheses was stronger in India than in China. In China especially for Western China region the data shows reverse effects. That is even if it is the least economically developed, youth who grew up in the area show positive attitude towards entrepreneurship. One reason for this finding is that since China has been on a growth and high entrepreneurial activity path for almost three decades now, the high entrepreneurial activity and attendant success in some economically more active regions of China may be inspiring people in less active regions to also view entrepreneurship as positive. In addition, the Government of China has sanctioned high investments and improved

infrastructure in lesser developed region like West China. Increased pace of economic activity would influence the thinking of respondents. Also, the data was collected in a university in China that is located in the North East region. Though the students were from different parts of the country, the fact that the students from the west had been living close to Beijing in Northern China may have influenced the positive responses. That is, even though their own region was less developed they viewed entrepreneurship as a positive driver to growth of their region having witnessed the economic development of Northern China.

#### *Issues Around Measurement of Attitudes*

The results bring out two important factors in the measurement of attitudes. Firstly, in the measurement of attitudes it is best to not measure using few direct items using the likert scale. Such measures are susceptible to social desirability. Thus, the attitude scale must use various types of measures and ask the question directly and indirectly. For example, in semi-projective measures involving elicitation of deeply rooted evaluation about entrepreneurs less favorable attitudes were expressed towards entrepreneurs and entrepreneurship. The classic argument for triangulation of measures of the independent variable (Bickman & Rog, 1998; Cook & Selltiz, 1967) also holds in the case of measurement of attitudes.

Secondly, it may be best to ask the respondents to express their opinions in various roles. For example, asking the respondent to evaluate the other group as an observer, think of different facets of the life of the other group as an actor and get them to express willingness to be part of the other group as a participant. In each of the roles there is different degree of intimacy and distance between the evaluated group and the evaluator. Thus, as the intimacy progresses the true nature of attitude would be revealed (Singer, 1980) one can get a clear picture of the actual nature of attitudes of the respondents.

#### *Issues in Cross-Cultural Study*

Collecting of quantitative data on economic parameters in China posed challenges on several dimensions. The data on economic activity was easily available on public websites for India with different parameters carefully identified in the databases. Dividing India on regional basis was easy because of the commonly held categorization among

researchers and practitioners about how regions are divided. However, it was difficult to obtain the same data for China. The available economic data on China was not easily interpretable. There are several existing conventions among Chinese economists and scholars of dividing the country into regions. The administrative and geographic divisions are drastically different. It required intense discussions with the Chinese author to arrive at a defensible division.

There were also challenges in collecting data across countries where language of the respondents and the authors is different. The authors from India were all fluent in English but none of them understood a word of Chinese. The author from China is fluent in English but when it came to expressing some of the technical concepts she would find it difficult to express. The team had to depend completely on her judgment to accept the final version of the translated questionnaire. In addition to translation there was the issue of the items being relevant and meaningful in both cultures. For example, there was an item that the Indian researchers had found to be relevant in India -“ When looking for a life partner for my sister/ cousin sister we would prefer an entrepreneur over a person who has a job”. In India this item was relevant because the practice of entire family choosing a partner and arranging the marriage is prevalent in India. In China the youth marry out of their choice and the family has a smaller role in the choice of the partner. This item would not be relevant in China thus it was changed to mean, “I would choose an entrepreneur as my life partner over a person who has a job”.

Another issue in terms of questionnaire design was related to the responses towards negatively worded items. From the pattern of responses received both in India and China it was clear that the respondents had difficulty in interpreting the negatively worded items. Such trends have been found in other studies as well (Cordery & Sevastos, 1993; Peterson, Speers, & Hughey, 2006).

In spite of accepting on a template for data entry there were several mistakes and misunderstandings in data entry itself. In the interpretation of the trends each country group had to solely depend on the other group for the respective countries data interpretation. Having three researchers from one country meant they could argue and discuss among themselves about the meaning of the data from India but the Chinese author did not have that luxury. In both countries there is very little country-specific

literature to refer to validate the interpretations. Thus, it had to be either validated using studies from other countries or intuitive understanding of researchers within each country and context.

### **Policy Implications**

The results of this study are sufficient to argue that entrepreneurship is influenced by the past activities in the target region. Simple announcement of concessions and other policies may not lead to entrepreneurial activity unless people are convinced about becoming entrepreneurs. The comfort level comes from exposure, presence of role models, a vibrant economy which is able to absorb risks and encourage risk-taking etc. Therefore, existing entrepreneurs in the area would be a good source of motivation for people who would be interested in entrepreneurial activity.

One common finding in India and China was preference of a stable well paying job over a riskier profession like entrepreneurship. The risk associated with entrepreneurship could be brought down with proper policy interventions designed to address problems in a particular region. This would require an all-round support from various stakeholders including government, planning agencies, supportive families, and willing would be entrepreneurs. Though entrepreneurship is seen as risky, this study shows that larger section of society is positive about the profession. Given the right boost and appropriate climate we could see more entrepreneurial activity.

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