

Effect of New Business Opportunities on Change in Income Status – A Study of Kalisindh Thermal Power Project

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ABSTRACT

No person may be same in this world. Personal characteristics such as gender, age, marital status, work experience, education etc. may differ for every person. These personal characteristics distinguish them from each other. Their career may also depends on these personal characteristics; accordingly their income status too. They get benefits from the business opportunities developed in environment due to construction of any project. As they cash the opportunities, their income status may change. People with different personal characteristics may have different abilities to plan and execute the same work in a different manner. In this study relation between personal characteristics and change in their income status during last 5 years has been analyzed. Kalisindh Thermal Power Project is constructed near village Undal in State Rajasthan. Due to construction of this project business opportunities developed for petty contractors / traders / service providers. This paper presents the findings emerged from analysis of developed business opportunities for people having different personal characteristics. Required information has been gathered from petty contractors serving for this power plant as well as petty traders and petty service providers to the people living in township of this power plant by filling a structured questionnaire during survey. Convenience sampling method is used for selection of sample. Statistical tool used for the analysis is multiple regressions.

Keywords: Regression, Convenience Sampling, Business opportunities, Work experience, Petty contractors.

INTRODUCTION:

Development of every project opens a door of new business opportunities for petty contractors / petty service providers / petty traders. People living in vicinity as well as living far from project also can get benefits of such new opportunities developed. It depends upon personal characteristics of them, how they utilized these opportunities for development or expansion of their business. Personal characteristics such as gender, age, education, marital status, native district, work experience etc. influenced their average monthly income and change in their income status.

Busenitz et.al (2003) stated that opportunities are one of the key concepts that define the boundary and exchange conditions of the entrepreneurship field.

Hansen & Shrader, (2007) described opportunity as a central concept for entrepreneurship. They also defined

definition and nature of opportunities.

Kalisindh Thermal Power project is constructed near village Undal in Rajasthan. Due to construction of this project new business opportunities developed for petty contractors, petty traders and petty service providers. Here in this study relation between personal characteristics of petty traders / contractors / service providers and change in their income status during last 5 years have been analyzed. This paper present the findings emerged from the analysis.

LITERATURE REVIEW:

Kirzner, (1979) and Casson, (1982) opined that entrepreneurial opportunities were thought to exist when different agents had insight into the value of resources that other agents did not, and the agents with the insight act upon these un-exploited opportunities.

Rumelt (1987) and Alvarez and Barney (2000) discussed that if agents were correct, an entrepreneurial rent would be earned; if not an opportunity loss would occur.

Gartner (1988) and Shane & Venkataraman (2000) defined entrepreneurship as focus on emergence. They suggested that entrepreneurship research should deal with early stage phenomena, such as how opportunities are detected and acted upon, or how new organizations come into being.

Busenitz & Lau, (1996) and Wright, Hoskisson, Busenitz & Dial, (2000) defined entrepreneurial cognition as the extensive use of individual heuristics and beliefs that impact decision-making.

Busenitz and Barney (1997) found that entrepreneurs use heuristics more extensively than managers in larger organizations. The term "heuristics" referred to simplifying strategies that individuals (entrepreneurs in that case) use to made strategic decisions, especially in complex situations where less complete or uncertain information was available.

Busenitz & Barney (1997) and Baron (1998) indicated in their research on cognition that entrepreneurs use heuristics in their decision-making more than their managerial counterparts in large organizations.

Busenitz & Barney (1997); Baron (1998) and Forbes (1999) investigated that the emergence of cognitive approaches to understanding how entrepreneurs thought and made strategic decisions was showing much promise.

Kirzner, (1997) stated that heterogeneous resources are also a basic condition of entrepreneurship.

Shane and Venkataraman (2000) suggested that opportunities are 'situations' where new goods and services can be sold at greater than their costs of production.

Busenitz et al., (2001) stated that the field of entrepreneurship needed to move further to create specific boundaries to establish the field's legitimacy and distinctive contribution.

Eckhardt and Shane (2003) noted and focused on identifying those people in society who prefer to become entrepreneurs towards understanding the nexus of enterprising individuals and valuable opportunities. This new focus has required to explain the role of opportunities in the entrepreneurial process.

Shepherd & DeTienne (2005) suggested that prior knowledge of customer problems leads to the identification of more opportunities. Innovative opportunities also moderates the relationship between potential financial reward and opportunity identification.

Hansen & Shrader (2007) examined the various theoretic and operational definitions of entrepreneurial opportunity and opportunity perception and compare and contrast those definitions in light of the theoretical perspective.

Witt (2007) analyzed in their study that through mental simulations entrepreneurs could imagine the strategies to exploit the opportunity, the future construction of the firm.

Haynie et.al (2009) found that entrepreneurs were attracted to opportunities that were complementary to their existing knowledge resources. They also identified a set of opportunity-specific and firm-specific conditions that encourage entrepreneurs to pursue the acquisition and control of resources that were inconsistent with the existing, knowledge-based resources of the venture.

Short et.al (2010) stated that opportunity is a central concept within the entrepreneurship field. Without an opportunity, there is no entrepreneurship. A potential entrepreneur can be immensely creative and hardworking, but without an opportunity to target with these characteristics, entrepreneurial activities cannot take place.

Hawkins and Little, (2011) explored the interdependence between operational practices and the behaviors that underpin performance and outcomes. They described the concepts of collaboration and partnering. They concluded that the concept must be embedded in the governance and processes of the organization and reinforced in every aspect of the business through policy, process and systems.

Pauget and Wald (2013) described that in addition to project management techniques and complementary skills, relational competence, i.e. the ability to actively create and develop collaborative relationships is an essential asset for managing project networks.

OBJECTIVES:

This study is focused on a single objective i.e. to study relationship between personal characteristics of Petty Contractors / Traders / Service providers and change in their income status during last 5 years.

RATIONALE:

Development of any project opens a door of lots of business opportunities for petty contractors / petty traders / petty service providers during its construction phase as well as in its operational phase. People grab these opportunities on the basis of their ideas and having different personal characteristics. Kalisindh Thermal Power Project is constructed near village Undal, Rajasthan. No study has been carried out to find out new business opportunities developed for people of different personal characteristics serving for this power project. This research is to analyze relationship and association between their personal characteristics and change in their income status due to construction of Kalisindh Thermal Power Project. The researcher has gone through exhaustive amount of literature available related to this field of study but very little research in this field has been carried out till now. This study is an endeavor to plug this gap.

HYPOTHESIS:

Hypotheses framed and tested for this study are mentioned as under:-

H1: "There is no significant relationship and association in respondents' gender and change in income status during last 5 years".

H2: "There is no significant relationship and association in respondents' age and change in income status during last 5 years".

H3: "There is no significant relationship and association in respondents' native district and change in income status during last 5 years".

H4: "There is no significant relationship and association in respondents' marital status and change in income status during last 5 years".

H5: "There is no significant relationship and association in respondents' work experience and change in income status during last 5 years".

H6: "There is no significant relationship and association in respondents' education and change in income status during last 5 years".

H7: "There is no significant relationship and association in respondents' occupation and change in income status during last 5 years".

H8: "There is no significant relationship and association in respondents' average monthly income and change in income status during last 5 years".

RESEARCH METHODOLOGY:

The descriptive type of research is used for this study. After commissioning of Kalisindh Thermal Power Plant, petty contracts awarded to various firms for maintenance purpose in various areas of plant. People got the opportunity for trading of petty goods as well as providing the petty services to people living in the vicinity. This is indirect economic impact of construction of this power project. Information required for this study has been gathered from petty contractors / petty traders / petty service providers by filling a structured questionnaire during survey. As all petty contractors belong from the same background, convenience sampling method considered appropriate for selection of petty contractors during survey.

Approximately 20 % from the population of petty contractors were included in the sample. Population of petty traders and petty service providers were very less, hence included 100% in sample. Table -1 presents the summary of total no. of samples collected from petty traders, petty contractors and petty service providers.

Table 1: No. of samples collected from Petty Contractors / Traders / Service providers

Description	No. of Individuals
Petty Traders	12
Petty Contractors	19
Petty Service Providers	07
Total	38

Reliability analysis has been done for identifying internal consistency of the variables. Cronbach alpha value of the scale is shown in table -2. Which is greater than 0.8. It shows adequate internal consistency. Statistical tool used for the analysis is multiple regression model tests.

Table 2: Reliability Statistics

Developed Business Opportunities	Cronbach Alpha
Petty Contractors /Petty Traders /Petty Services Providers	0.809

REGRESSION ANALYSIS:

New business opportunities developed for petty traders / contractors / service providers have been analyzed by using statistical tool regression. Regression analysis can be used to predict the dependent variable from the independent variable. The slope and y intercept are incorporated into the regression equation. The intercept is usually called the constant, and the slope is referred to as the coefficient. Here linear regression is used to examine the relationship between one dependent and one independent variable or multiple independent variables. Here in this study multiple regression model test has been applied for finding relationship and association between respondents' personal characteristics and change in their income status during last 5 years. Respondents' personal characteristics such as Gender, Age, Education, Marital Status, Native District, Work Experience, Occupation and Average Monthly Income are considered as independent variables. Whereas change in income status during last 5 years is considered as dependent variable.

Multiple Regression Model: Dependent Variable – Change in Income Status during last 5 years:

Multiple Regression model test has been applied between respondents' personal characteristics and change in income status during last 5 years for analyzing relationship and association between respondents' personal characteristics and change in income status during last 5 years

Table – 7.1.1 presents the summary of multiple regression model test applied between independent variables (Occupation, Age, Education, Marital Status, Work Experience, Gender, Native District and Average Monthly Income) and dependent variable i.e. change in income status during last 5 yrs. The R value is 0.416. This value shows the relationship between the independent variables and dependent variable. R² is the coefficient of determination. It presents percentage variation in the dependent variable explained by the independent variable. Here R² value is 0.173, which represents the variability in the relationship between independent variables and change in income status during last 5 yrs is 17.3%. It infers that only 17.3% of the variance in the dependent variable can be explained by the regression equation. The other 82.7% is unexplained. This variability score confirms that researcher can include some more statements and dimensions in the study in order to eliminate or list the 82.7% variability, but the statements or the dimensions should be able to represent the 82.7% variability. The adjusted R² is an alternative R². Its value can be less than or equal to R². Adjusted R² value shows that how efficiently and effectively the model was generalized and what is the probability that adjusted R² value can be quite closer or similar to the R² value. Here the difference between the adjusted R² value and R² value is $(0.173 - (-0.055) = 0.228)$ is 22.8%. This value confirms that there is 22.8% possibility of deviation in result in case of sample change.

Table 7.1.1: Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.416 ^a	0.173	-0.055	0.42526	0.173	0.759	8	29	0.641
a. Predictors: (Constant), Occupation, Age, Education, Marital Status, Work Experience, Gender, Native District, Average Monthly Income.									
b. Dependent Variable: Change in Income Status during last 5 yrs.									

From table – 7.1.2 it has been observed that F score is 0.759, which is not significant. Hence it can be concluded that there is no significant relationship and association in change in income status during last 5 years and considered independent variables (Gender, Age, Education, Marital Status, Native District, Occupation, Work Experience and Average Monthly Income).

Table 7.1.2: ANOVAa

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.098	8	0.137	0.759	0.641 ^b
	Residual	5.245	29	0.181		
	Total	6.342	37			
a. Dependent Variable: Change in Income Status during last 5 yrs.						
b. Predictors: (Constant), Occupation, Age, Education, Marital Status, Work Experience, Gender, Native District, Average Monthly Income.						

From the table – 7.1.3 it can be observed that there is no significant relationship and association in dependent variable and all considered predictors. Beta value represents the count of standard deviation. Higher the Beta value reflects the positive and strong correlation between dependent variable and independent variable.

Table 7.1.3: Coefficients of Regression Model

Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.525	0.956		1.596	0.121
	Gender	-0.404	0.301	-0.421	-1.343	0.190
	Age	-0.050	0.207	-0.055	-0.243	0.809
	Native District	0.344	0.251	0.391	1.367	0.182
	Marital Status	0.280	0.498	0.110	0.562	0.579
	Work Experience	-0.141	0.085	-0.466	-1.659	0.108
	Education	-0.030	0.036	-0.168	-0.843	0.406
	Occupation	-0.140	0.170	-0.238	-0.826	0.415
	Average Monthly Income	-0.030	0.052	-0.155	-0.578	0.567
a. Dependent Variable: Change in Income Status during last 5 yrs.						

Further observations from table – 7.1.3 have been described here under:

1. It can be observed from the table – 7.1.3 that T value of relationship and association in respondents' gender and change in income status during last 5 years is -1.343, which is not significant. It means that there is no significant relationship and association in respondents' gender and change in income status during last 5 years. In the light of this the null hypothesis namely "There is no significant relationship and association in respondents' gender and change in income status during last 5 years" is not rejected.
2. It can be observed from the table – 7.1.3 that T value of relationship and association in respondents' age and change in income status during last 5 years is -0.243, which is not significant. It means that there is no significant relationship and association in respondents' age and change in income status during last 5 years. In the light of this the null hypothesis namely "There is no significant relationship and association in respondents' age and change in income status during last 5 years" is not rejected.
3. It can be observed from the table – 7.1.3 that T value of relationship and association in respondents' native district and change in income status during last 5 years is 1.367, which is not significant. It means that there is no significant relationship and association in respondents' native district and change in income status during last 5 years. In the light of this the null hypothesis namely "There is no significant relationship and association in respondents' native district and change in income status during last 5 years" is not rejected.
4. It can be observed from the table – 7.1.3 that T value of relationship and association in respondents' marital status and change in income status during last 5 years is 0.562, which is not significant. It means that there is no significant relationship and association in respondents' marital status and change in income status during last 5 years. In the light of this the null hypothesis namely "There is no significant relationship and association in respondents' marital status and change in income status during last 5 years" is not rejected.
5. It can be observed from the table – 7.1.3 that T value of relationship and association in respondents' work experience and change in income status during last 5 years is -1.659, which is not significant. It means that there is no significant relationship and association in respondents' work experience and change in income status during last 5 years. In the light of this the null hypothesis namely "There is no significant relationship and association in respondents' work experience and change in income status during last 5 years" is not rejected.

6. It can be observed from the table – 7.1.3 that T value of relationship and association in respondents' education and change in income status during last 5 years is -0.843, which is not significant. It means that there is no significant relationship and association in respondents' education and change in income status during last 5 years. In the light of this the null hypothesis namely "There is no significant relationship and association in respondents' education and change in income status during last 5 years" is not rejected.
7. It can be observed from the table – 7.1.3 that T value of relationship and association in respondents' occupation and change in income status during last 5 years is -0.826, which is not significant. It means that there is no significant relationship and association in respondents' occupation and change in income status during last 5 years. In the light of this the null hypothesis namely "There is no significant relationship and association in respondents' occupation and change in income status during last 5 years" is not rejected.
8. It can be observed from the table – 7.1.3 that T value of relationship and association in respondents' average monthly income and change in income status during last 5 years is -0.578, which is not significant. It means that there is no significant relationship and association in respondents' average monthly income and change in income status during last 5 years. In the light of this the null hypothesis namely "There is no significant relationship and association in respondents' average monthly income and change in income status during last 5 years" is not rejected.

CONCLUSION AND SUGGESTIONS:

People having different personal characteristics may have different intellectual level. The study revealed that respondents' personal characteristics such as gender, age, marital status, native district, education, work experience, occupation and average monthly income has no significant impact on change in their income status during last 5 years due to new business opportunities developed for petty traders, petty contractors and petty service providers in vicinity of this power project. Therefore it can be concluded that change in income status is independent of personal characteristics of any person. It depends upon any individual, how talented he is. Talent of every person is independent of age, gender, education etc.

People living in vicinity of power project may also try to avail such new business opportunities developed irrespective of their personal characteristics. By availing new business opportunities they can also raise their income status. People living in nearby villages shall broaden their thoughts and raise their income status.

LIMITATIONS OF THE STUDY:

- The study is limited to the petty contractors / traders / service providers serving in Kalisindh Thermal Power Plant only; therefore findings cannot be extended to other areas. However, few findings are common, which can be extended in other areas too.
- For collecting primary data from petty contractors for the study, Non probabilistic convenience sampling has been used and it has its own limitations.
- Results cannot be generalized.

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