**CASTE AND ENTREPRENEURIAL ABILITIES:**

**A CONTEXTUAL STUDY OF SIALKOT CITY, PAKISTAN.**

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***ABSTRACT:*** *In Pakistan, we have many castes and each of them is associated with some unique as well as distinguishable characteristics. This paper predicts entrepreneurial abilities with respect to castes prevailing in a famous industrial city Sialkot in Pakistan. It is an unexplored but crucial area in business studies. Primary data has been collected from 100 respondents (20 responses for each caste dimension) which are used to assess mainly three factors; motivation, capacity and support, for finding entrepreneurial abilities in castes under study. Data signifies that caste system is not a good predictor or an influential factor in order to groom entrepreneurial abilities of the participants of the study. “Other caste” category has maximum mean value and other four castes also fall within the category of “moderate entrepreneurial potential”. As data has been taken from Sialkot city where the concept of SMEs & export exist extensively, hence, due to prevailing cultural factors, everyone is involved or has potential to involve in entrepreneurial activities. Research can be further extended and used to assess the trends of entrepreneurship in Pakistan. Results may be beneficial for business policy makers in order to make future strategies and provide a suitable atmosphere to groom the young entrepreneurs. Parents can also be educated to provide the relevant education to their children.*

**Keywords:** *Castes, Social networks, entrepreneurial abilities*

**1. INTRODUCTION**

Entrepreneur as an organizer of factor of production has been observed by many researchers [4,5,6]. Entrepreneurial abilities have many dimensions, in other words, it can be said that entrepreneurial abilities have been affected in several ways. Previous study revealed that caste is one of the characteristics that can influence entrepreneurial abilities [8,9,10]. Caste systems are much stronger and influencing in the Asian countries, especially in India & Pakistan. But unfortunately, very less research work is available that can highlight the caste system as a predictor of good entrepreneurial abilities. Indian scholars have reasonable work in this dimension and they have been writing in this area from decades [6,7,8,9]. The reason may be a very strong (rigid) caste system prevailing in the country that can exert significant effects on different aspects of the society. But from Pakistan perspective, it is difficult to find a single research exclusively highlighting the caste system in context with entrepreneurial abilities except a research by Nadvi that somehow highlighted the issue [14]. The purpose of this study is to test the entrepreneurial ability phenomenon in Pakistani environments in relation to caste system. Some college graduates selected for this purpose.. The idea behind research is to find whether entrepreneurial abilities are affected by the caste system or not.

Research continues with the literature review. After that conceptual model and hypothesis are developed. Then research proceeds by defining the methodology section and finally, data analysis, conclusion as well as future directions.

**2. LITERATURE REVIEW**

“The term entrepreneur has often been applied to the founder of a new business or a person who started a new business where there was none before”[1]. Similarly, [2] stated that entrepreneur is one who identify and explore an opportunity. According to Management school of thought, entrepreneurs are planners of an economic venture; they are the ones who manages, owns, organize and assume the risk [3].

According to Wayne, a significant result has suggested that tacit knowledge gained by the people, results in the shape of success of entrepreneurial businesses [4]. His survey on 54 entrepreneurs of Visakhapatnam, India suggested that 52 percent of the highly successful entrepreneurs are of high caste that already involved in business. Low caste people prefer to do jobs rather than starting their own business [5]. So ultimately migration of low caste people observed to be more than high caste because of their job search requirement. Another research has been conducted in India regarding effects of socio cultural factors in which [6] has found out that a clear majority of 53.57% lies in successful category in the forward caste male category. However, only 15.18% and 31.25% belong to the less successful and successful categories. Furthermore, among the male respondents of the backward caste category, only 29.4% and 23.5% are in less successful and very successful category respectively and largest numbers (47%) are in successful category. Among the females, the majority of them belong to the forward caste and are equally distributed in all categories of success. Both [7] & [8] have concluded in their research that caste system along with some other variables like education and parental support is successful in becoming good entrepreneur. Another researcher [9] has strengthening the idea of caste system effects on entrepreneurial abilities. He also predicted that Indian Muslims are mostly engaged in low level business or at worker level (Muslims of India are considered as low caste people).

Individuals in the lower caste may have to face economic and social discrimination which results in powerful social boundaries and this strong social relationship limits the access of the lower classes to social capital [10]. Similarly, [11] revealed in the research that high caste entrepreneurs overcome the failure situations with the help of the caste grouping but lower classes don’t have such facilities. [12] mentioned: "If the caste system restricts the development of personality traits that are necessary for entrepreneurship, it may inhibit self-employment". The research finding indicates that the caste influences the likelihood of self-employed. Pawar revealed that socio-cultural factors, including caste surely affect the entry in independent profession/business [13].

Coming to the Pakistani context, research of Nadvi indirectly enlightens the phenomenon of caste and its relationship with entrepreneurial abilities [14]. According to him, social networks based on family and kinship (caste/*biraderis*) are facilitating the flow of knowledge. It helps in inculcating the entrepreneurial abilities in that particular family/kinship/*biraderi*. Authors in [14], specifically focused on *Lohars* (caste) who have been dominating the surgical industry. According to him, *Lohars* assert, “we have it [metalworking skills] in our blood”. The result of this research shows “They are the leading *biraderi* observed among sampled firms, accounting for 43 per cent of entrepreneurs in sampled final firms and 32 per cent of owners of sampled subcontractors”.

**3. THEORETICAL FRAMEWORK AND HYPOTHESIS DEVELOPMENT**

The study is conducted to find out the effect of caste on entrepreneurial abilities. Recently conducted studies [11], [12] & [13] of India indicates relationship between caste and entrepreneurial abilities. Following is the conceptual model of the study.

**Figure # 1**

Caste

Entrepreneurial Abilities

**3.1 Hypothesis:** There is an impact of caste on entrepreneurial abilities.

Studies conducted in India [11], [12] & [13] as well as conducted in Pakistan [14] revealed direct and indirect relationship between caste and entrepreneurial abilities.

**4. MATERIAL & METHODS**

This study used quantitative research method and questionnaire survey technique in finding the effect of caste on entrepreneurial abilities. For survey research mainly deductive approach is used [15]. Quantitative data analysis is used by positivist researcher because of an ability to provide rigorous and precise measures [16]. Study has been conducted by taking the primary data from the questionnaire that was developed to access the entrepreneurial abilities of people depending upon 3 basic dimensions (motivation, capacity and support). The questionnaire is developed by [17].

There are total 33 questions covering all three dimensions (13 variables are related to motivation, 15 of capacity and 5 of support). Scale of 1 to 10 has been used in which 10 indicate strong agreement and 1 indicate strong disagreement with the question under consideration.

Data has been collected from the graduation level students of Sialkot (both male & female). For this purpose, 180 questionnaires have been filled by the students and these questionnaires are then scrutinized to get response of 100 students. These 100 responses contain 4 special caste and 1 mixed caste. Each of them consists of 20 responses of the caste under consideration. These castes are *Jutt*, *Rajpoot*, *Butt*, *Mughal* and other’s (mixed). Convenience sampling technique is used for data collection and after receiving the responses, the relevant caste is segregated with a quota of 20 responses each.

First of all missing value analysis is done to fill the missing responses. Questionnaire reliability test is then applied to confirm the acceptance level of questionnaire that is used in this study. For hypothesis testing linear regression analysis is used. Descriptive analysis is also conducted on the data as a supporting evidence for the regression results.

**4.1 Data Analysis**

To know the reliability of the questionnaire, statistical test of reliability is applied, the Alpha score (Table # 1) is .949. This shows that the questionnaire is highly reliable instrument to predict the entrepreneurial ability. According to Pallant, value of 0.7 of Cronbach Alpha is acceptable however value greater than 0.8 is preferable [18].

| **Table # 1: Reliability Statistics** | | |
| --- | --- | --- |
| Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| .949 | .949 | 33 |

In order to test the hypothesis, linear regression analysis is applied to the data. The result indicated that there is no issue of autocorrelation and multicollinearity as the values shown in table # 2 are well within the acceptable range. Tolerance less than 0.1 [19] and VIF value greater than 10 [20] signifies a severe issue on the subject of multicollinearity. Furthermore, value of kolmogorov-smirnov (0.2) signifies that data is normal.

**Table # 2: Model Summaryb**

| Model | R | R Square | Un-standardized  Beta | Durbin-Watson | kolmogorov-smirnov | Collinearity Statistics  Tolerance VIF | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| 1 | .119a | .014 | 0.164 | 1.6 | 0.2 | 1.00 | 1.00 |
| a. Predictors: (Constant), Caste  b. Dependent Variable: Entrepreneurial Skill | | | | | | |

Table # 2 shows that there is a very weak correlation (11.9%) among caste and entrepreneurial abilities. R square value also signifies that variation explained in the entrepreneurial abilities is only 1.4% due to caste. Regression model for the study is:

Caste = 5.249 + (0.164) Entrepreneurial abilities

Equation indicates that caste will create only 0.164 units change in entrepreneurial abilities and there is very weak but positive relationship between the two variables.

Descriptive analysis also verifies the regression results. Mean of *Jutt*, *Rajpoot*, *Butt*, *Mughal* and Other’s as provided in the table # 3 is 5.3, 5.2, 5.8, 5.4 and 5.9 respectively. The results indicate that all the social classes have moderate level of entrepreneurial abilities irrespective of any distinction in the caste. So conclusively, it can be said that caste have no/minimal effect on mean values of entrepreneurial abilities. This analysis confirms the linear regression results.

| **Table # 3: Descriptive Statistics** | | |
| --- | --- | --- |
|  | N | Mean |
| Total Score of *Jutt* caste | 20 | 5.3 |
| Total Score of *Rajpoot* caste | 20 | 5.2 |
| Total Score of *Butt* caste | 20 | 5.8 |
| Total Score of *Mughal* caste | 20 | 5.4 |
| Total Score of Other caste | 20 | 5.9 |

**5. DISCUSSION**

The purpose of study is simply to analyze whether caste system have any impact on entrepreneurial abilities. This matter can be understandable from regression analysis and mean calculation of the overall score of each caste of respondent. Results show that there is a very weak effect of caste on entrepreneurial abilities. The regression result is further authenticated by the mean values of all the caste. Every caste falls in the category of moderate level of “moderate entrepreneurial abilities”. Hence, it can be said that caste is not the influencing factor in growing entrepreneurial abilities.

**6. CONCLUSION**

It has been observed that this research gives quite different results than the researches discussed in literature review, which are indicating relationship between the caste system and entrepreneurial abilities. There are some reasons to this difference. First, most of the researches included in the literature review were conducted in India, where the caste system is very stronger rather than in Pakistan. Second, data is taken from Sialkot city of Pakistan, which is well known all over the world due to its SMEs and entrepreneurial businesses. Therefore, due to socio-cultural factors and the business environment, most of the people living in this city continuously seek for opportunities to start their own enterprise, regardless of having a lack of sufficient resources. Third, the responses are taken from those colleges where middle and upper class families send their children to study. They may already have some business or have sufficient resources to start a business. The results taken from any other area of the country or diverse sample may give different results, but it is suggested to incorporate some other factors to study the phenomenon of entrepreneurial abilities rather than focusing only on caste system.

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