

ASSOCIATION BETWEEN RISK TAKING BEHAVIOUR AND BUSINESS STARTUP

Dr. Charu Mohla¹ & Dr. Tanu Aggarwal²

¹Associate Professor, Maharaja Agrasen Institute of Management Studies, Delhi, India

²Assistant Professor, Maharaja Agrasen Institute of Management Studies, Delhi, India

ABSTRACT

People do have different personality traits and they believe that these personality traits will be either healthy. Generally personality traits are characteristics of enduring behavioural and emotional patterns. So we don't consider isolated occurrences because anyone occasionally can lose patience, feel angry so on. Myers-Briggs developed an introspective self-analysed questionnaire and discussed major personality traits Extraversion/Introversion, Sensing/Intuition, Thinking/Feeling, and Perceiving/Judging. In this present paper we would be discussing Extrovert and Introvert personality traits and would try to analyse their influence on risk taking behaviour with specific reference to Start Ups. If we talk about Extroverts are those who enjoy life. But things are not as easy as it seem. There are some negative aspects of extroverts also. Similarly if we talk about introverts, they too have positive and negative traits. On the other hand introverts are being alone.

The data has been collected from 100 respondents and in detailed we have discussed the pros and cons of both introversion and extroversion and find out who is more likely to take risks for a business startup.

KEYWORDS: Introverts, Extroverts, Business Startup, Entrepreneurs, Personality Traits, Risk Taking Behaviour

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INTRODUCTION

Many Entrepreneurs at the initial stage spend most of their valuable time in building up their business. They make personal sacrifices to get their business on track. Even after establishment of his own business an entrepreneur never stops taking calculated risks once the business is doing well. They may take –

- **Market Risk:** Entrepreneurs should remain updated with what is most demanded in the market and they should focus to offer the same service or product to fill the gap.
- **Financial Risk:** Most importantly, they need to be Cash Cow so that proper cash flow can be produced to survive in the market.
- **Technology:** Technology plays a vital role and its failure causes interruptions in smooth operations. If put simply, technology helps businesses keep their ideas away from competition. So focus should be on selecting proper technology for business operations.

There are many ways to control above mentioned risks and turn them into gains. To calculate risks marketing, research, testing, planning, and reporting are some of the strategies used by entrepreneurs. Today those who are successful entrepreneurs might have taken risk at some point of time in their like to taste success. There is no substitute of hard work and no shortcut to growth and creating opportunities, except taking risks. An entrepreneur can emerge as the leaders in their industry by taking chances and risks that no other can take—Reliance Jio can be considered as one of the examples (Castrillon, 2019).

1.2 LITERATURE REVIEWS

Pupavac (2015) has identified the students at Polytechnic of Rijeka to find out if they benefit from these parameters and to discuss the importance of extrovert personality when it comes to starting new ventures.

Ahmed et al. (2020) studied and analyzed the effectiveness of five major personality traits with risk aversion in entrepreneurial intentions. A questionnaire was used to collect information from 274 students in a university in Pakistan.

It disrespects the unique personality traits introvert as it have been through research found that introverts bring forth and ability to focus, propensity for critical and balanced thinking and they may be best suited for business success (**Bernstein, 2015**).

The strength and weaknesses of personality traits becomes more important to develop proper understanding of personality traits which can help organizations and people to develop leadership for their betterment and goal achievements (**Farrell, 2017**).

Research Gap

The credit and risk-taking behaviour is the key to success. The risk taking behaviour is only found in the extroverts and on the other hand introverts are shy. The main focus is to fill the gap between introvert and extrovert behaviour.

Research Objectives

- To study the Impact of **Emotional Stability, Investment Capacity and Socio-Economic Conditions Impact on Risk Taking Behaviour of Investors.**
- To find introverts or extroverts are successful entrepreneurs

Hypothesis of the Study

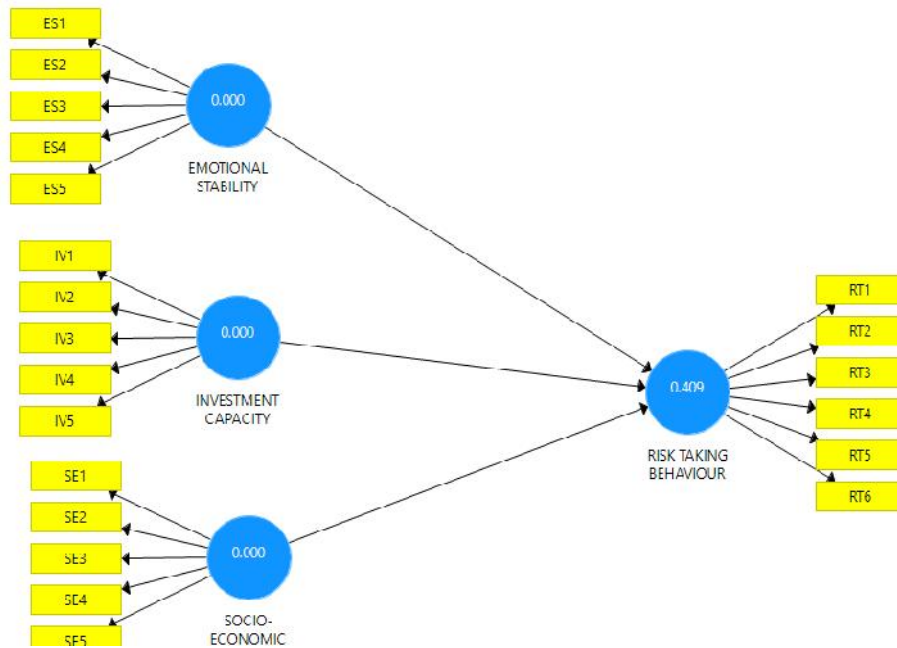
- Ho (Null Hypothesis): There is **Impact of Emotional Stability, Investment Capacity and Socio-Economic Conditions Impact on Risk Taking Behaviour of Investors**
- H1 (Alternate Hypothesis): There is **Impact of Emotional Stability, Investment Capacity and Socio-Economic Conditions IMPACT ON Risk Taking Behaviour of Investors**

RESEARCH METHODOLOGY

The study tries to analyze the risk taking behaviour of both extroverts and introverts when it comes to starting a new venture. The secondary data have been taken into consideration and primary data have been collected through questionnaire (Atkinson, 1957).The primary data has been collected from the questionnaire regarding the **Emotional Stability, Investment Capacity, Socio-Economic Conditions and Risk Taking Behaviour of Investors. Data on introverts and extroverts personality traits have been studied through secondary data.**

Statistical Tools

The Structural Model assessment has been employed to study the Impact of emotional stability, investment capacity and current socio economic condition on risk taking behaviour of investors in India



Source: Authors Own Compilation
Figure 1: Emotional Stability, Investment Capacity and Socio-Economic Condition IMPACT ON Risk Taking Behaviour of Investors.

INTERPRETATION

The Graph shows Emotional Stability, Investment Capacity and Socio-Economic Conditions as Independent variable and Risk-Taking Behaviour as dependent variable. It depicts the impact of Investment and investment on Risk-Taking Behaviour in India.

Table 1: Validity and Reliability

Particulars	Cronbach Alpha	R-Square	Composite Reliability	Average Variance Expected
Emotional Stability>Risk-Taking Behaviour	0.505	0.56	0.72	0.53
Investment Capacity>Risk-Taking Behaviour	0.523	0.525	0.92	0.52
Socio-Economic Conditions > Risk-Taking Behaviour	0.575	0.63	0.93	0.55

Source: Authors Own compilation

Interpretation

The outer model was first assessed by values of composite reliability (to assess internal consistency), average variance extracted (AVE) (to assess convergent validity). Haier, 2013 shows Cronbach Alpha of all indicators are equally reliable. Table 1 shows that the value of the composite reliability is greater than the prescribed value of 0.70, Haier(2006) and the value of AVE is found to be greater than 0.50. The Cronbach’s Alpha of the variables is all greater than 0.70 which shows the model is the perfect fit. The values of r-square are greater than 0.50 which shows that the model has applicability for development of real estate sector in India.

Path Coefficients

Table 2

Particulars	Original Sample	Standard Error	T Statistics
Emotional Stability> Risk-Taking Behaviour	-0. 254	0. 008	31. 6567
Investment Capacity> Risk-Taking Behaviour	0. 0477	0. 0083	5. 7598
Socio-Economic Conditions > Risk-Taking Behaviour	0. 6148	0. 0093	66 .3083

Source: Authors own Compilation

The Inner model was assessed to test the relationship between the exogenous and endogenous variables. The path coefficients were obtained by using non-parametric, bootstrapping routine technique given by Vinji & Huiwen (2010). In this, the three exogenous variables are customer retention, Investment in business and customer feedback has impact on entrepreneur risk taking behaviour in India, which shows the sufficient accuracy of the structural model. Since the t- value is greater than 1.96 which reflects that alternative hypothesis is accepted (There is Impact of the **Emotional Stability, Investment Capacity and Socio-Economic Conditions IMPACT ON Risk Taking Behaviour of Investors**).

Chapter 3 - Analysis of Data

It has been found that there are nearly 7.7 billion people on earth and we know that no two persons can be the same. Even two twins do differ in their personality traits and thinking capacity. Each one of us has different physical, intellectual, and emotional ability, which differentiates us from others and also has an impact on how we think, look, act and feel. Just like people differ in physical traits like short or tall, male or female, fat or slim, they can also be differentiated on the basis of extroversion and introversion (Hansaj, 2021). But in no way an extrovert is considered to be better than an introvert. So, it is advisable to explore other factors like emotional stability, investment capacity and current socio economic condition which can influence one's risk taking appetite to start up new business.

Results & Findings

It is better to analyze introverts and extroverts risk taking behaviour associated with business start up is through other factors. Few factors like emotional stability, investment capacity and current socio economic condition have been discussed to identify their influence on risk taking behaviour of investors.

Future Scope

It is worth noting that confidence and extroversion don't always go together. Extroverts are sometimes more confident, but it is merely a façade sometimes. There are cases when there is a lack of self-confidence among extroverts. It is also rare to be purely introverted or extroverted.

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