

# AN STUDY ON SMALL SCALE ENTREPRENEURS IN KANYAKUMARI DISTRICT

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**Abstract:** *An entrepreneur is a person who organizes, manages and takes risk of running an enterprise. The entrepreneurs are considered 'change agents' in the process of industrial and economic development of an economy. The small scale sector promotes the economic development of the country. The major problems small entrepreneurs in kanyakumari district suffer from include the problem of poor socio economic conditions, lack of motivation, lack of training, poor communication, problems of raw material, finance, marketing, under utilization of capacity and competition with other enterprises etc. The present study is set to analyze the following objectives, to examine the socio-economic profile, to explore the factors influencing the motivation of entrepreneurs in the study area, and to analyze the problems faced by the small scale industries in the study area. The present study is based both on primary and secondary data. A stratified random sample of small scale industrial units was chosen from this study. A sample of 300 units was decided. The important finding of the study are poor socio economic conditions, the important variables that influence the initiation and management of an enterprise are economic independence, self- interest and technical knowledge and the important problems in enterprising are shortage of finance, acute competition, defective marketing arrangement and higher cost of capital. To overcome these problems, special incentives and concessions must be extended to the small scale entrepreneurs it boost up the socio economic condition, to enhance the entrepreneur's talent and experience in business, proper skill-oriented training may be provided and if the units encounter problems of finance, marketing, raw materials and management the government must extend them all possible facilities.*

## Introduction

An entrepreneur is a person who organizes, manages and takes risk of running an enterprise. He arranges everything required to set up an enterprise i.e., funds, land, people, material and machinery.

The entrepreneurs are considered 'change agents' in the process of industrial and economic development of an economy. The primus mobile role that entrepreneurs play in promoting industrial and economic development of an economy is well adduced across the countries. In a sense, entrepreneurs are the 'spark plug' who transforms the economic scene of an economy. Thus, with entrepreneurs societies prosper, without them they are poorer. A small enterprise is one with investment in plant and machinery more than twenty five lakh but does not exceed five crore rupees ( in case of manufacturing sector ) and more than ten lakh but does not exceed two crore in equipments ( in case of service sector). The small scale sector which is relatively labour intensive and has short gestation period, plays a vital role in the process, in achieving national objectives like increasing production, providing more employment opportunities, minimizing regional disparities and reducing inequalities in income distribution. In India, the emphasis on the small scale industry has grown with the introduction of each Five Year Plan. A large number of innovative fiscal incentives and concessions and other supporting facilities are being provided to small entrepreneurs for strengthening the economic base, leading there by to more intensive industrialization. Such provisions include subsidies, credit on easy terms, accommodation in industrial estates, planned training programmes, supply of machinery on hire-purchase facility and technical counseling through the Small Industries Service Institute. The National Institute of Small Industry Extension Training conducts various motivation training programmes for potential entrepreneurs, particularly the educated. The establishment of National Science and Technology Entrepreneurship Development Board, the setting up of the Entrepreneurship Development Cells, the creation of Science and Technology Entrepreneur's Parks, the programme of Training of Rural Youth for Self-Employment, the Self Employment Programme for the rural poor, and the establishment of industrial estates are some of the very important measures introduced for the development of entrepreneurship. The government acts as a catalytic force for the emergence of new entrepreneurs through the provision of infrastructural and other facilities. District Industries Centers were started in 1978 with the aim of providing the entrepreneurs, under a single roof, the necessary and relevant guidance on all matters relating to the industry. DIC is a multi-functional agency which provides the requisite services and support assistance to entrepreneurs by way of technical guidance and other assistance. In this context, it is rewarding

to study the performance of entrepreneurs in the light of the packages and programmes of the Central and State governments on the development of entrepreneurship through the small scale sector in India.

### **Problem of the Study**

Entrepreneurial performance varies from region to region and county to county depending on the industrial climate, the availability of resources and the responsiveness of socio-psycho systems in that region or country. The small scale industrial sector is the second largest sector, which uses human resources next only to that of the agricultural sector in our country. The small sector acts as a nursery for the development of the entrepreneurial talents, which in its turn promotes the economic development of the country. It plays a pivotal role in the Indian economy in terms of its contribution to the country's industrial production, exports, employment and the entrepreneurial base. This sector has recorded a high growth rate since 1947, despite stiff competition from the large scale sector. The rapid growth of the small scale industries has a great relevance in our national economic policies. The growth of the small scale sector has also improved the production of non-durable consumer goods of mass consumption. The yielding period or the gestation period is faster in the small scale industrial sector than in the traditional industrial sector, creating better investment incentives. These industrial units are dispersed all over the country and are generally set up to satisfy the local demand for goods, which may later cater to the overall economic and global needs. Kanyakumari district is one of the industrially growing districts in Tamil Nadu. In the recent years which is believed to be a heaven for small scale industries. In order to solve the problems of unemployment and to achieve an equitable growth the small scale industries have been encouraged in the developed as well as in the backward areas in the districts. Many programmes have been launched in order to alleviate poverty and to promote self employment through the District Industries Centre. The major problems small entrepreneurs in kanyakumari district suffer from include the problem of poor socio economic conditions, lack of motivation, lack of training, poor communication, problems of raw material, finance, marketing, under utilization of capacity and competition with other enterprises etc. Hence, the present study entitled "A Study on Small Scale Entrepreneurs Kanyakumari district" has been undertaken to analyses and studies the socio-economic profile of small scale entrepreneurs, factors influencing the motivation of entrepreneurs and the problems faced by the small scale entrepreneurs in the study area.

## Objectives of the Study

1. To examine the socio-economic profile of small scale entrepreneurs in the study area.
2. To explore the factors influencing the motivation of entrepreneurs in the study area.
3. To analyze the problems faced by the small scale industries in the study area.
4. To suggest measures to improve for the betterment of the small scale entrepreneurs.

## Methodology of the study

The methodology of the present study, which includes sample design, sources of data collection, period of the study, and tools of analysis used for the study that had been adopted. A stratified random sample of small scale industrial units was chosen from this study. A sample of 300 units was decided. The present study is based both on primary and secondary data. The primary data was collected from the selected units through the personal interview method by using a pre-tested and well-designed interview schedule. The secondary data were obtained from the published and unpublished reports, handbooks, District Industries Centre, Nagercoil, and the concerned Panchayat Block Offices. In addition to the above sources journal, newspapers, Magazines, Periodicals, and Books have also been used.

## Data analysis and interpretation

### Socio–Economic profile of the Entrepreneurs:

The socio-economic factors of the entrepreneurs act as a base for personal factors that lead to entrepreneurial development and skill. The social factors related to the family and communities have a bearing on entrepreneurship. The economic factors act as a base for financial support to develop entrepreneurship. Under this section, the age, education, sex, marital status, personal income, family expenditure and savings of the selected entrepreneurs are analyzed.

**Table – 1: Age-wise classification of the respondents**

Age	Number of Respondents	Percentage
Up to 30	30	10.00

31-40	65	21.67
41-50	145	48.33
Above 50	60	20.00
Total	300	100.00

Source: Primary Data

It is inferred from table that out of 300 respondents, 145 (48.33 per cent) entrepreneurs fall in the age group 41-50 and 65 (21.67 percent) entrepreneurs are under the age group of 31-40. The remaining 60 (20 percent) and 30 (10 per cent) entrepreneurs are under the age group of above 50 and up to 30 years respectively. It is inferred that majority of the respondents are in the age group of 41-50 years continuing their entrepreneurial activities than the young ones.

**Table – 2: The education level of the respondents**

Education	Number of Respondents	Percentage
School level	115	38.33
College level	100	33.34
Technical	85	28.33
Total	300	100.00

Source: Primary Data

It is clearly understood from table 2 that a majority 115 (38.33 per cent) respondents possess school level education while 100 (33.34 per cent) of the respondents have college level education and 85 (28.33 per cent) of the respondents are with technical education. It is understood from the analysis that there is no illiteracy in the study area.

**Table – 3: Sex-wise distribution of the respondents**

Sex	Number of Respondents	Percentage
Male	235	78.33

Female	65	21.67
Total	300	100.00

Source: Primary Data

From table, it is found that the maximum 235 (78.33 percent) entrepreneurs are male while only 65 (21.67 percent) of the entrepreneurs are female. It is inferred that the males are interested in entrepreneurial activities than the females.

**Table – 4: The marital status of the respondents**

Marital Status	Number of Respondents	Percentage
Unmarried	85	28.33
Married	180	65.00
Separated and Widow/Widower	20	06.67
Total	300	100.00

Source: Primary Data

It is clearly understood from the table that out of 300 respondents, 180 (65 per cent) of the respondents are married, 85 (28.33 per cent) who are unmarried and remaining 20 (6.67 per cent) of the entrepreneurs are separated and widow/widower. The analysis reveals that majority of the respondents were married.

**Table – 5: The monthly personal income of the respondents**

Monthly Personal Income	Number of Respondents	Percentage
Up to Rs5000	80	26.67
5000-10000	120	40.00
	100	33.33

Above 10000		
Total	300	100.00

Source: Primary Data

It is revealed from table 5 that out of 300 respondents, 120 (40 percent) of the respondents earned monthly income between Rs.5000-10000. Only 80 (26.67 percent) respondents earned below Rs.5000.

**Table – 6: The monthly family expenditure of the households**

Monthly Family Expenditure (in Rs)	Number of Respondents	Percentage
Up to Rs.5000	61	20.33
5000-10000	114	38.00
Above 10000	125	41.67
Total	300	100.00

Source: Primary Data

Table 6 describes that 125 (41.67 per cent) of the entrepreneurs fall in the monthly family expenditure above Rs.10000 while 61 (20.00 percent) of the entrepreneurs fall in the monthly family expenditure group of up to Rs.5000.

**Table – 7: The distribution of respondents according to their monthly savings**

Monthly Savings (in Rs)	Number of Respondents	Percentage
Nil	75	25.00
Up to Rs.5000	130	43.33
Above 5000	95	31.67
Total	300	100.00

Source: Primary Data

It is observed from table 7 that out of 300 respondents, 130 (43.33 per cent) had up to Rs. 5000, 95 (31.67 per cent) have a savings of above Rs.5000 per month and remaining 75 (25 per cent) have no savings.

### Factors Influencing the Initiation to Start the Enterprise

The factors responsible for starting the enterprise by the respondents in the study area are economic, social, psychological and environmental oriented. The present study confines the variables to economic independence, self-prestige, employment opportunities, technical knowledge, urge to achieve, aspiration about children, financial assistance, use of idle funds, self-interest, encouragement of family members, organizational skill, self-employment, revival of sick unit, social status, entrepreneurial experience, family background, traditional/hereditary, market potential, earning income, more dependents, unemployment and challenge seeking. The respondents at five-point scale rate the said 22 variables namely highly important, important, moderate, not important and not at all important with score values of 5,4,3,2 and 1 respectively. The principal factor analysis method with Orthogonal Varimax Rotation is used to identify the factors that contributed to the initiation and management of the enterprise.

**Table – 8: Factors Influencing the Initiation to Start the Enterprise**

Motivation Variables	Rotated Factor Loading				h <sup>2</sup>
	F1	F2	F3	F4	
Economic Independence	0.8124	-0.3514	0.2616	-0.1999	0.8919
Self-Prestige	0.7996	0.2364	-0.0696	-0.1926	0.7372
Employment Opportunities	0.7536	0.0651	0.1996	0.2646	0.6820
Technical Knowledge	0.6949	0.2969	0.3616	0.2103	0.7460
Urge to achieve	0.6341	0.3816	0.3141	0.1949	0.6843
Aspiration about children	0.5916	0.2969	-0.3216	0.2415	0.5999
Financial Assistance	0.5716	0.0981	-0.1406	0.2964	0.4440
Use of idle funds	0.5616	0.1869	0.2164	-0.3114	0.4941
Self-Interest	-0.2916	0.7516	0.1921	0.3621	0.8180



Encouragement of family members	-0.2361	0.6610	0.2621	0.1921	0.5991
Organization Skill	0.0619	0.5516	0.2461	0.2110	0.4131
Self-employment	0.0691	0.5371	0.1921	0.2961	0.4178
Revival of sick unit	-0.1213	0.5216	-0.2162	0.2461	0.3941
Social Status	0.3341	0.2461	0.6621	0.3516	0.7342
Entrepreneurial Experience	0.0491	0.2461	0.6121	-0.0961	0.4469
Family background	0.1621	0.4924	0.5216	-0.2121	0.5858
Traditional/ Hereditary	0.0962	0.1039	0.5124	0.1629	0.6582
Market Potential	0.1324	-0.2816	0.1241	0.5921	0.4628
Earning Income	0.2061	-0.1941	0.4216	0.5518	0.5624
More dependents	0.3161	-0.0916	-0.2411	0.5349	0.4526
Unemployment	-0.2961	0.4516	0.3161	0.5226	0.6646
Challenge Seeking	0.3121	0.4941	-0.2941	0.5141	0.6923
Eigen Value	4.3854	2.8899	2.5447	2.8653	

The twenty two variables included in the factor analysis reveals that four factors influence the initiation to start the enterprises in the industrial estates namely (i) achievement and support factor, (ii) interest factor, (iii) traditional status factor and (iv) economic necessity factor. The variables namely economic independence self-prestige, employment opportunities, technical knowledge, urge to achieve, aspiration about children, financial assistance and use of idle funds are included in achievement and support factor. The variables namely self interest, encouragement of family members, organizational skill, self-employment and revival of sick unit are clustered into the interest factor. The traditional status factor includes the variables namely social status, entrepreneurial experience, family background and traditional/hereditary whereas the economic necessity factor includes market potential, the earning income, more dependents, unemployment and challenge seeking.

The communality value ( $h^2$ ) indicates the power of variable to explain the factor altogether. A higher communality represents the degree of variable that explains the factors together are higher. By communality values, the important variables that influence the respondents to the initiation and management of the enterprise are economic independence, self-interest and technical knowledge since the communality values are 0.8919, 0.8180 and 0.7460 respectively.

The eigen value of the factor indicates the degree of factor which explains the variables altogether. A higher eigen value shows greater intensity of the factor that explains the variables altogether. By eigen values, the most important factors that influence the respondents to the initiation and management of the enterprises are achievement and support factor and interest factor since the eigen values are 4.3854 and 2.8899 respectively.

### **Constraints faced by the Entrepreneurs**

#### **Perception towards Problems in Enterprises**

Management of resources both human and non-human is a crucial factor in enterprising. The successful entrepreneur has to take into consideration the family circumstances, and environmental constraints in order to establish their hold in the field of enterprise which they choose to enter. The problems encountered by the entrepreneurs are at multidimensional. The mindset of the entrepreneurs' influences them to have varied perception of the problems in their units. The views of entrepreneurs on different angles are summarized in the following table.

**Table – 9: Perception towards Problems in Enterprising among the Entrepreneurs**

<b>Perception in Enterprises</b>	<b>Number of Respondents</b>	<b>Percentage</b>
Highly Problematic	56	18.67
Problematic	67	22.33
Moderate	73	24.33
Interesting	59	19.67
Challenging	45	15.00

<b>Total</b>	<b>300</b>	<b>100.00</b>
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**Source:** Primary data

From the table, it has been observed that a majority (24.33 per cent) of the entrepreneurs viewed that enterprising is moderate, followed by 22.33 per cent who viewed it as problematic. However 19.67 per cent of the entrepreneurs felt that the enterprising is interesting. Further 15.00 per cent found it challenging. The entrepreneurs viewed as either problematic or highly problematic are considered as problem perceived entrepreneurs whereas the others who viewed it as moderate, interesting and challenging are considered as non-problem perceived entrepreneurs for further analysis.

### Problems Encountered by the Entrepreneurs

For the study, the problems encountered by the entrepreneurs are confined to thirteen problems namely poor infrastructure, shortage of finance, acute competition, lack of collateral security, lack of time, lack of family support, lack of network, limited demand, poor information flow, higher credit sales, lack of innovations, defective marketing arrangement and high cost of capital. The above said problems rated by the entrepreneurs on a five point-scale namely highly serious, serious, moderate, not serious and not at all serious. They have the score value of 5,4,3,2 and 1 respectively. The average score of each problem in enterprising was separately calculated among the problem perceived and non-problem perceived entrepreneurs are shown in the given table.

**Table – 10: Problems Encountered by the Entrepreneurs**

Nature of Problems	Average Score		
	Non-Problem Perceived	Problem Perceived	Pooled
Poor infrastructure	1.0714	2.7131	1.7215
Shortage of finance	2.2015	4.1525	3.0468
Acute competition	2.6158	4.0607	2.8071
Lack of collateral security	1.1214	3.7071	2.2492
Lack of time	1.3456	2.8559	2.0063

Lack of family support	2.2017	3.0071	2.5050
Lack of net work	3.0511	2.0518	2.5227
Limited demand	1.8135	1.7254	1.7740
Poor information flow	2.6018	2.3045	2.4653
Higher credit sales	0.8220	2.6534	1.6123
Lack of innovation	3.1007	2.8034	3.0652
Defective Marketing Arrangement	1.1121	4.0551	2.3241
High cost of capital	1.1032	4.0550	3.9142
<b>Overall Average</b>	<b>2.0098</b>	<b>2.8546</b>	<b>2.3152</b>

The table reveals that among the entrepreneurs of non-problem perceived outlook the most seriously viewed problems are lack of innovation and lack of network since the mean scores are 3.1007 and 3.0511 respectively.

The less non-problem perceived problems are higher credit sales and poor infrastructure since the mean scores are 0.8220 and 1.0714 respectively. Among the problem perceived entrepreneurs, the highly perceived problems are shortage of finance and acute competition since the mean scores are 4.1525 and 4.0607 respectively whereas the less problem perceived problems are limited demand and lack of network since the mean scores are 1.7254 and 2.0518 respectively. In aggregate, the important problems perceived by the entrepreneurs are high cost of capital, lack of innovation and shortage of finance since the average scores are 3.9142, 3.0652 and 3.0468 respectively.

### Findings

- It is inferred that the age group of 41-50 years continuing their entrepreneurial activities than the young ones.
- It is inferred that the males are interested in entrepreneurial activities than the females.
- It is understood from the analysis that there is no illiteracy in the study area and majority of the respondents were married. .

- It is revealed that out of 300 respondents, 120 (40 percent) of the respondents earned monthly income between Rs.5000-10000. Only 80 (26.67 percent) of respondents earned below Rs.5000.
- 125 (41.67 per cent) of the entrepreneurs fall in the monthly family expenditure above Rs.10000 while 61 (20.00 percent) of the entrepreneurs fall in the monthly family expenditure group of up to Rs.5000.
- It is observed that out of 300 respondents, 130 (43.33 per cent) had up to Rs. 5000, 95 (31.67 per cent) have a savings of above Rs.5000 per month and remaining 75 (25 per cent) have no savings.
- Factor analysis reveals that the important variables that influence the initiation and management of an enterprise are economic independence, self- interest and technical knowledge.
- The eigen values show the most important factor among the factors which influence the establishment of the enterprise, are achievement and support factor.
- Entrepreneurs accounting for 18.67 per cent perceive that enterprising is highly problematic.
- The important problems in enterprising are shortage of finance, acute competition, defective marketing arrangement and higher cost of capital.

### Suggestions

Based on the findings and views expressed by the entrepreneurs the following suggestions are made for the improvement of entrepreneurship through the performance of small scale industries in the study area.

- The government should encouragement to young entrepreneurs and women entrepreneurs.
- Educational institutions offer courses, which will help to inculcate the entrepreneurial skill among the youth.
- Special incentives and concessions must be extended to the small scale entrepreneurs it boost up the socio economic condition.
- In order to raise the performance level, there is a need to cultivate managerial skills besides entrepreneurial skills, keeping in line with the increased growth in the size of the organization.
- An entrepreneurs club may be organized in each region with the following objectives. a) To interact with other members, b) to get technical knowledge,

c) people from draft trade, d) to develop entrepreneurial culture and e) to promote professional, industrial, economical, financial, technical and co-operative members.

- To instill confidence, intensive training may be given to the aspirants for setting up work units so that some group work units may be established. For marketing their goods, practical strategies need to be worked out.
- To enhance the entrepreneur's talent and experience in business, proper skill-oriented training may be provided.
- If the units encounter problems of finance, marketing, raw materials and management the government must extend them all possible facilities.

### Conclusion

Thus it may be concluded from the analysis that new generation entrepreneurs should take knowledge of the entrepreneurial environment with a practical and theoretical understanding of entrepreneurship. Skill up gradation on aspects like marketing strategies should be constantly updated through proper networking facilities. The training on marketing and information technologies would determine the success of the industrial units. The mass media influence on social behavior is quite significant. The present study has gone into an in-depth study of the socio-economic background and personal traits of the prospective entrepreneurs through the performance of small scale entrepreneurs in their industries.

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