

An Empirical Research on Business Dimensions of Small-Scale Entrepreneurs in Salem, Tamil Nadu

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Abstract: *Tamil Nadu is one of the well developed States in terms of industrial development. In the post-liberalization era, Tamil Nadu has emerged as one of the front-runners by attracting a large number of investment proposals particularly in recent times. Today, Tamil Nadu is the third largest economy in India and its current State Domestic Product is well over US \$ 23 billion. Small-Scale entrepreneurs in Tamil Nadu, especially in Salem district, produce an enormous variety of products which include mass consumption goods, readymade garments, hosiery goods, electrical products, handlooms and handicrafts. The contribution of small industries in these areas to the balanced regional development of whole state as well as the country is noteworthy. Therefore, there is a need to provide need base training to such people in order to bring them into mainstream in the ongoing process of economic growth. In this study, primary data was collected from 225 entrepreneurs in and around Salem area through questionnaire. Respondents were mainly running MSME (Micro, Small and Medium Enterprises) units and those involved in trading business were not included in the sample size. Convenience sampling technique was adopted for data collection. Simple percentage analysis and Henry Garrett ranking techniques were used for data analysis. Based on the findings of the study suitable suggestions were arrived. This research would be of immense help to Small-scale entrepreneurs and both state and central government to formulate strategies based on key business dimensions and parameters in order to sustain in the competitive market place.*

Keywords: *small scale entrepreneur, strategies and business dimensions, investment proposals.*

I. INTRODUCTION

Small-Scale entrepreneurs in Tamil Nadu, especially in Salem district, produce an enormous variety of products which include mass consumption goods, readymade garments, hosiery goods, electrical products, handlooms and handicrafts. The contribution of small industries in these areas to the balanced regional development of whole state as well as the country is noteworthy.

Tamil Nadu is one of the well developed States in terms of industrial development. In the post-liberalization era, Tamil Nadu has emerged as one of the front-runners by attracting a large number of investment proposals particularly in recent times. Today, Tamil Nadu is the third largest economy in India and its current State Domestic Product is well over US \$ 23 billion. Tamil Nadu had the largest number of small-scale entrepreneurs in the country with 787965 registered units and it has maintained this leadership, by and large. According to SIDBI (Small Industries Development Bank of India), in its report on small-scale entrepreneurs sector during post liberalization era, the Tamil Nadu SSI sector continues to grow fast. So far, there are nearly 8517 registered MSME units Salem with cotton textiles, agro units and engineering units taking the leading role.

II. IMPORTANCE OF THE RESEARCH

Small-scale entrepreneurs can be considered as a backbone of the nation for economic development. It has been well known fact that the level of economic growth of a region to a large extent depends on the level of entrepreneurial activities. In the era of Liberalization, Privatization and Globalization along with IT revolution, capable small-scale entrepreneurs are making use of the opportunities emerging from the evolving scenario. However, a large segment of the population, particularly, in the industrially backward regions/ rural areas is generally lagging behind in taking the advantage of the opportunities.

III. RESEARCH OBJECTIVES

- To identify the factors that motivated the Entrepreneurs to set up small-scale units in Salem.
- To assess the level of satisfaction about the key business dimensions.

IV. STATEMENT OF THE PROBLEM

The small-scale entrepreneurs in the study area are having prospects and problems of different magnitude. A study on the problems and prospects of small-scale entrepreneurs in the present globalised environment attains more significance due to the existence of stiff competition both from local and international companies.

V. LITERATURE REVIEW

Lakshmana Rao [1986] in his work entitled "Industrial Entrepreneurship in India" highlighted the role of human factor in economic development and reviewed economic and non-economic theories of entrepreneurship.

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He presented results of his statistical analysis of data collected through a sample survey (Krishna and Guntur districts). He gave a detailed account of policies and programmes of the State and Central government for promoting industrial entrepreneurship with focus on small scale sector.

The study of entrepreneurs operating in Indian Industrial Estates, with special reference to those in the Coastal regions of Andhra Pradesh, **Gangadhara Rao [1986]**¹ in his work entitled "Entrepreneurship and growth of Enterprise in Industrial Estates" selected 87 entrepreneurs operating in 13 industrial estates of coastal Andhra Pradesh. He observed that educational and income levels were important factors in motivating entrepreneurship. He found that, money making was the major ambition of the entrepreneurs. He concluded that the impact of Industrial Estate on the emergence of entrepreneurship in Coastal A.P was marginal.

Gupta [1987]² in his work entitled "Entrepreneurship in Small Scale Industries" studied entrepreneurial performances of 60 small entrepreneurs, taking 20 each from Kanpur, Allahabad & Gorakhpur in Uttar Pradesh. In his study he deals in detail with the essential qualities and functions of entrepreneurs, policy framework and support systems to develop entrepreneurship in the small scale sector. He made recommendations for framing government policies and outlines the role of the government in developing entrepreneurship in the small industry sector is very vital.

In their study entitled "Entrepreneurship Development Programmes-An evaluation of the suitability of the candidates selected", **Subbi Reddy and Appa Rao [1987]**³ discussed the impact of such a programme on selected candidates. They attempted to study the profile, problems, perceptions and aspirations of 30 candidates selected under Entrepreneurship Development Programme.

Bhanusahli [1987]⁴ in his book "Entrepreneurship Development" made a study of 125 light engineering industries of Kolhapur in the Maharashtra State, with particular reference to the economic, social, educational and occupational backgrounds of the entrepreneurs. He has also examined the organizational set up of human resources, production, finance, marketing and entrepreneurial creation on the basis of which the development of entrepreneur's personality is charted. He concluded that persons from the minority or marginal groups trained in the art of engineering and having large contacts with engineering industries have better capabilities to achieve success.

VI. DATA ANALYSIS AND INTERPRETATION

LEVEL OF SATISFACTION ABOUT THE BUSINESS DIMENSIONS OF THE ORGANIZATION

An attempt has made to know about the level of satisfaction of the respondents towards business aspects of the organization. For the purpose of this study, it has been classified into twelve categories viz., production capabilities, distribution facilities, Marketing competence, relationship with bankers, insurance coverage on their business, benefits due to advertisements, brand loyalty of consumers on their products, relationship with employees, performance of sales persons, Marketing support from middlemen, Government policies, subsidies, taxes and incentives and co-operation and support from government agencies. The details are furnished in the table 1.1.

TABLE NO. 1.1. LEVEL OF SATISFACTION ABOUT THE BUSINESS DIMENSIONS OF THE ORGANIZATION

S No.	Business Dimensions	Level of opinion				
		HDS	DS	Neutral	S	HS
1.	Production capabilities	0	0	2 (0.9)	177 (78.7)	46 (20.4)
2.	Distribution facilities for the products	0	0	3 (1.3)	199 (88.4)	23 (10.2)
3.	Marketing competence	0	1 (0.4)	6 (2.7)	186 (82.7)	32 (14.2)
4.	Relationship with Bankers	1 (0.4)	0	6 (2.7)	193 (85.8)	25 (11.1)
5.	Insurance coverage on their business	0	0	8 (3.6)	190 (84.4)	27 (12.0)
6.	Benefits due to advertisements	0	0	25 (11.1)	172 (76.4)	28 (12.4)
7.	Brand loyalty of consumers on your products	1 (0.4)	0	6 (2.7)	186 (82.7)	32 (14.2)
8.	Relationship with employees	0	1 (0.4)	0	191 (84.9)	33 (14.7)
9.	Performance of sales persons	0	1 (0.4)	0	199 (88.4)	25 (11.1)
10.	Marketing support from Middlemen	0	0	2 (0.9)	168 (74.7)	55 (24.4)
11.	Government policies ,subsidies, taxes and incentives	0	0	5 (2.2)	146 (64.9)	74 (32.9)
12.	Co-operation and support from government agencies.	0	10 (4.4)	29 (12.9)	118 (52.4)	68 (30.2)

(HDS - Highly dissatisfied, DS -Dissatisfied, S -Satisfied, HS -Highly satisfied)

It is summarized from the table 1.1. that the respondents are satisfied towards business aspects of the organization like production capabilities, distribution facilities, Marketing competence, relationship with bankers, insurance coverage on their business, benefits due to advertisements, brand loyalty of consumers on their products, relationship with employees, performance of sales persons, Marketing support from middlemen, Government policies, subsidies, taxes and incentives and co-operation and support from government agencies as 78.7, 88.4, 82.7, 85.8, 84.4, 76.4, 82.7, 84.9, 88.4, 74.7, 64.9 and 52.4 percent respectively.

It is found from the analysis that majority (88.4%) of the respondents are satisfied with the distribution facilities for the products and performance of sales persons as business dimensions of their organization and around 12.9% are neutral in their opinion towards co-operation and support from government agencies .

VII. FACTORS INFLUENCING TO START BUSINESS

Every entrepreneur has been influenced to start business to fulfill their needs and desires in their life. For this purpose, respondents' opinion on the following five factors has been obtained.

They are: earn money, internal organization, social status, independent authority and provide employment to others. The respondents were asked to rank the above factors in the order of their importance. To identify the most important factors, Henry Garrett Ranking Technique was employed and the details of the ranking of factors that influenced to start business are shown in the table 1.2.

TABLE NO. 1.2. FACTORS INFLUENCING TO START BUSINESS

S. No.	Factors	Total Score	Mean Score	Rank
1.	Earn money	13805	61.4	I
2.	Internal Organization	7227	32.1	V
3.	Social Status	11219	49.9	IV
4.	Independent authority	12827	57.0	II
5.	Provide employment to others	11397	50.7	III

It is noted from the table 1.2. that the "earn money" as the reason that influenced to start the business was ranked first with the Garrett score of 13805 points. It is followed by the factor of "independent authority" with the total Garrett score of 12827 points. The factors such as "provide employment to others" and "social status" were placed in the third and fourth ranks with the Garrett scores of 11397 and 11219 points respectively. On the other hand, "internal organization" was placed in the fifth rank with the score of 7227 points. From the analysis, it is inferred that maximum entrepreneurs opined that "earn money" and "independent authority" were the important factors that influenced to start the business.

VIII. FINDINGS

1. It is inferred that maximum of the entrepreneurs opined that "earn money" and "independent authority" were the important factors that influenced to start the business.

2. The level of satisfaction of entrepreneurs (88.4%) was high in business dimensions like distribution facilities for the products and performance of sales persons and was low (52.4%) in co-operation and support from government agencies.

IX. SUGGESTIONS

The research reveals that majority of the entrepreneurs seem to concentrate on their inherent production capabilities. The quality of products is of prime importance and much emphasis should be given for lowering the production cost. The entrepreneurs should also maintain good rapport with the lending institutions by timely repayment of interest and principal. The government should provide all necessary incentives and subsidies for the entrepreneurs and also to the lower the taxes during recessionary period of business. By and large, entrepreneurs can be successful only if the government policies and tax structure are favourable to the industry concerned. These policies will have to be flexible depending on the market trend, economic growth, type of industry and the location of the industry in order to boost and encourage entrepreneurial opportunities in Salem as well as in India.

X. CONCLUSION

It is therefore concluded that the Government intervention to support entrepreneurs and their business is done widely in all developed and developing nations. Entrepreneurs and their business offers wide economic, social and other benefits and therefore

government intervention is warranted to maximize these benefits. In this study the researcher has attempted to provide an insight into the prospects and problems of small scale entrepreneurs in Salem. This will help the entrepreneurs to be more successful in their business and also help the entrepreneurs to face the competition in the international level and sustain in the market place. On the basis of these empirical findings, a number of policy implications and recommendations can be formulated.

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