

Problems Faced by Entrepreneurs in Small Scale Industries in Bodinayakanur Taluk, Theni District

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Abstract

This Research paper gives a brief analysis of the Problems Faced by Small Entrepreneurs in Small Enterprises. Entrepreneurship means the function of seeking investment and production opportunity, organizing an enterprise to undertake a new production process, raising capitals, finding site, introducing a new technique, discovering new sources of raw materials and selecting top managers for day to day operations of the enterprise. The main objective of the study is to problems faced by small entrepreneurs in small enterprises. This study is an empirical research. Data were collected from 300 respondents. The researcher used convenient sampling method to collect data from the sample respondents. First hand data were collected from the entrepreneurs of small enterprises directly by the researcher himself with the help of an interview schedule. Secondary data are collected from journal, magazine, newspaper, and relevant books and web site. Garrett ranking technique was used to analyses the data. This study in Bodinayakanur Taluk from April 2018 to October 2018. Finally conclusions were drawn and suggestions were offered.

Keywords: Small Scale Industries

Introduction

Entrepreneurism is the life blood of any economy. An entrepreneur is the one who takes initiative and establishes an economic activity or an enterprise. A number of social scientists have stated that entrepreneurship is the key variable which links the socio-cultural milieu with the rate of economic development. The word "entrepreneur" appeared in the French Language long before the emergence of the concept of the entrepreneurial function. In the 18th century the word was used to refer to economic activities. Arthur. H. Cole: defines entrepreneurship as the purposeful activity including an integrated sequence of decision of an individual or a group of associated individuals, undertaken to initiate, maintain or develop a profit-oriented business unit for production or distribution of economic goods and services. Arthur H. Cole maintained that the function of an entrepreneur include various aspects of managing an enterprise like outlining the objectives of the enterprise, securing adequate financial resources, requesting technological equipment, developing market for products, introducing new products and maintaining good relations with public authorities and society at large. Schumpeter viewed the entrepreneur as an innovator, whereas knight saw him as a risk and uncertainty bearer. Entrepreneurs

are important agents in the process of economic development. In most industrialized nations, entrepreneurship has been a key to growth in productivity and per capital income. Richard Cantillon and Irishman living in frame were the first to introduce the form entrepreneur and defined it as an agent who buys factors of production at certain prices in order to combine them into a product with the view of selling it at certain prices in future. Entrepreneur is an economic agent who plays a vital role in the economic development of a country. He aims at the steady growth of the income levels and he is an individual with knowledge, skills initiative, drive and spirit of innovation in achieving the goals. Entrepreneurship is a dynamic activity which helps the entrepreneur bring changes in the process of production, innovation in production, new usage of materials, creator of markets and like. It is a mental attitude to foresee risk and uncertainty with a view to achieve strong motive. It also means doing something in a new and effective manner. The concept of entrepreneurship has been around for a long time, but its resurgent popularity implies a sudden discovery as if he had stumbled on to a new direction for American enterprise. This is a myth. America was discovered by entrepreneurs. Every country is being well shaped by

entrepreneurs. As an impact of entrepreneurial activities countries became world powers entrepreneurship.

Entrepreneurship in India

Any country, particularly a developing one, depends to a great extent on industrialization for its progress. The small scale sector which is relatively labour-intensive and has a 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. The National Institute of Small Industry Extension Training (NISIET) in Hyderabad conducts various motivation training programmes for potential entrepreneurs. The establishment of the National Science and Technology Entrepreneurship Development Board (NSTEDB), the setting up of the Entrepreneurship Development Cells (EDDs) in Engineering Colleges and Indian Institute of Technology, the creation of Science and Technology Entrepreneurs Parks (STEP), the launching of the programme of Training of Rural Youth for Self Employment (TRYSEM) and Self Employment Programme for the Urban Poor (SEPUP), the Development of Women and Children in Rural Areas (WCRA) and the establishment of industrial estates are some of the very important measures introduced for the development of entrepreneurship.

Statement of the Problem

Small enterprises forming part of "Small and Medium Enterprises" (SMEs) play a vital role in the economy of a developing country by providing employment and income generation opportunities on a sustainable basis and contributing significantly to the national income. With the economic reforms sweeping many of the developing countries, the focus is on countries like India, China, South Korea, Philippines, Indonesia, Pakistan, Taiwan, Thailand and the like. In India large, medium and small enterprises have grown under conducive industrial policies, followed by the Central and State government. While a number of large scale enterprises are in the public sector, almost all the small scale ones are in the private sector. We have in between medium enterprises overlapping in both the sectors. An entrepreneur is a qualified person with some innovative idea. He/she has the will to implement his/her idea but lacks guidance and expertise. He/she may lack

technical know-how, finance, marketing knowledge, guide lines, managerial techniques, and the like. In case of small enterprises, the lack of awareness, exposure and opportunities are also added with the above problems. So, a small level planning is very essential to improve the performance of small-enterprises and the standard of living of the entrepreneurs. Therefore, there is a need for total change in the socio-economic, physical and psychological aspects of small entrepreneurs. It is highly useful to the policy makers to frame a suitable policy to make the small entrepreneurs perfect entrepreneurs. The small entrepreneurs are not persons who have thorough knowledge about entrepreneurship. The entrepreneurship which is lacking among the entrepreneurs in small enterprises is essentially a function, creativity and behaviour productivity. It is a trait, like willingness to take risk, high economic and achievement motivation, self-confidence, problem-solving disposition, enterprises involvement, managerial abilities and the like. Due to lack of the above said traits, the small enterprises cannot be used by any business factors but by the managerial factors. Due to this the drive to start any small enterprise is also getting reduced among the rural poor. Hence, the present study intends to focus on the entrepreneurial traits with them in uplifting entrepreneurs and the various problems faced by the small entrepreneurs, methods to rectify these problems in future and also pave way for others to start such types of enterprises.

Objectives of the Study

The main objective of the study is to analyses the problems faced by small entrepreneurs in small enterprises.

Reviews and Literature

M. Sambasivaiah et al., (2014) identified factors influencing the development of entrepreneurship among the selected entrepreneurs of Small, Small and Medium Enterprises (MSME) in Chittoor District and is sought to find out how to assess the socio-economic factors that affect the development of entrepreneurship. The analysis showed, the impact of socio-economic factors on entrepreneurship development in the district reveals that the growth of entrepreneurship has more or less been influenced by the factors like previous experience, strong

desire to do something, independent in life and motivation by the family members.

Dipanjancha Kmraborty, R. Barman (2014) studied on Impact of Motivational Factors on the Growth of Rural Entrepreneurs of Assam and data collected from 288 entrepreneurs through structured questionnaire. The findings suggested that the entrepreneurs were primarily motivated by the need for self-employment, eagerness to make money, need for independence. The study also provided new insights on the impact assessment of EDP on rural small entrepreneurs in the district. It concludes with few suggestions based on findings of the study.

Satpal, Rupa Rathee and Pallavi Rajain (2014) have studied on the concept of women entrepreneur and challenges faced by them in India. Findings of this study revealed that absence of balance between family and career, socio-cultural barriers, male dominated society, illiteracy or low level of education, dearth of financial assistance, lack of technical know how, marketing and entrepreneurial skills, lack of self-confidence and mobility constraints are major problems of women entrepreneurship development. Some suggestions have been provided to deal with these problems. Also with the increase in the number of women getting educated, there is considerable awareness among women to be self-employed and gradually the role of women is changing in the society.

Methodology of the Study

This study is an empirical research. First hand data were collected from the entrepreneurs of small enterprises directly by the researcher himself with the help of an interview schedule. Secondary data are collected from journal, magazine, newspaper, and relevant books and web site. The researcher conducted a field study in Bodinayakanur Taluk from April 2018 to October 2018. Garret ranking technique was applied to analysis the problems faced by the women entrepreneur while availing small finance. Data were collected from 300 respondents. The researcher used convenient sampling method to collect data from the sample respondents.

Analysis

To analyze the problems faced by them in the small entrepreneurs are lack of investment, lack of working capital, lack of communication skill, self-motivation and

lack of idea on innovation. The respondents were asked to rank the factors responsible for such act, the order of merit assigned by the respondents was converted in to scores by using the Garrett ranking technique. Garrett suggested this method for converting ranks into scores when number of items ranked differed from respondents to respondent. The percentage position of each rank was found out by using the formula.

$$\text{Percent position} = 100(R_{ij} - 0.5) / N_j$$

Where,

R_{ij} = Rank given to i^{th} factor by j^{th} individual; N_j = Number of factor ranked by j^{th} individual By referring the table given by Garret, the percent position estimated was converted into scores. Then for each factor, the scores of various respondents were added and divided by the number of respondents. The scores thus obtained for each factors were arranged in a descending order. The factor with the highest mean value was considered to be most important. An analysis of the problems faced by the small entrepreneurs was carried out and the results are presented in Table 1.

Table 1: Problems Faced by Small Entrepreneurs in Small Enterprises

Problems	Mean Score	Rank
Lack of Investment	56.36	I
Lack of working capital	51.02	II
Lack of communication skill	46.56	IV
Self-motivation	49.36	III
Lack of Idea on Innovation	45.70	V

Source: Primary data

The analysis reveals that lack of investment is attributed as the major problem of the small entrepreneurs of a small enterprise with a mean score of 56.36. Lack of working capital is the second problem faced by the small entrepreneurs with a mean score of 51.02. Self-motivation is the third problem with a mean score of 49.36. Lack of communication is the skill was fourth problem with a mean score of 46.56. Lack of ideas on innovation is the least challenging problem with a mean score of 45.70 for the small entrepreneurs.

Suggestions

1. The Government and Universities may introduce entrepreneurship as a subject the curriculum itself.
2. The Colleges and Universities may take necessary steps to conduct ED Pat regular intervals.
3. The College and Universities may take necessary steps to other training to students to know about the entrepreneurial activities.
4. The institutions may take necessary steps to conduct seminars and conferences for the students with existing successful entrepreneurs.
5. Skill Development programmes may be organized to provide training to small entrepreneur by government institutions and NGO"s.
6. Management development programmes may be conducted to impart, state of the art learning in the emerging management techniques so as to help the small entrepreneurs in developing their trait.
7. A separate cell should be formed in DIC exclusively to cater to the needs of small enterprises.
8. Exclusive marketing programmes may be formulated by DIC in order to help the small enterprises market their produces easily and profitably.
9. Skill development training may be provided periodically to the small entrepreneurs so as to update their knowledge in their respective fields.
10. Institutions may arrange industrial visits.

Conclusion

The role of small enterprises in solving unemployment problem in India is commendable. It is for this reason the government is extending its helping hand in the development of these small enterprises. In this competitive world, these enterprises should ensure their continuous existence. In this regard, small enterprises doing similar businesses should form clusters at the district level so that these units may take unified and concerted efforts in marketing of their products. The government should recognize these clusters which will give small enterprises good leverage in availing bank loans. These measures in the long run may give competitive edge in facing competitions from bigger units.

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