

A STUDY OF ENTREPRENEURIAL SPIRIT AMONG MICRO, SMALL AND MEDIUM ENTREPRENEURS IN DINDIGUL DISTRICT

Synopsis submitted to Madurai Kamaraj University
in partial fulfillment of the requirements for the
Award of the Degree of
DOCTOR OF PHILOSOPHY IN COMMERCE

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**MADURAI KAMARAJ UNIVERSITY
MADURAI – 625 021
TAMIL NADU, INDIA
AUGUST 2019**

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SYNOPSIS

1. INTRODUCTION

India is the second largest populated country in the world. The percentage of Entrepreneurs is too low in India though there are many natural and human resources available. There is a prevailing unemployment problem because of lack of knowledge to undertake risks for starting new enterprises.

India's population was 1,309,053,980 as on the year 2015 and it increases by an average of 1.13 per cent per year. As per the National Skill Development Mission Document, India faces a severe shortage of well-trained, skilled workers. It is estimated that only 2.3 per cent of the workforce in India undergone formal skill training as compared to 68 per cent in the UK, 75 per cent in Germany, 52 per cent in USA, 80 per cent in Japan and 96 per cent in South Korea. About 76 percent of the households did not benefit from employment generating schemes like MGNREGA, PMEGP, SGSY, SJSRY, and the like.

As per available statistics, the Micro Small Medium Enterprises sector employs an estimated 11.14 crores of people spread over 4.88 crores of enterprises with market value of fixed assets to the tune of Rs.13,63,700.54 crores. With adequate financial and non-financial resources as capacity building, the MSME Sector can grow and contribute to the economic development considerably higher than it is doing currently.

Without the growth and development of entrepreneurship the development of the country would always be unattained. It is a study where researchers try to analyze the force behind the spirit of entrepreneurship development. It tries to explore the factors such as ambitions, pleasure, compelling, family, facilitating, aspiration, motivation and expectations which lead them to industry, the idea generation process and motivators in that process of entrepreneurship. This study is to measure the Entrepreneurial Spirit among Micro, Small and Medium Enterprise entrepreneurs in Dindigul District.

2. STATEMENT OF THE PROBLEM

The Micro, Small and Medium enterprises sector is an important pillar of Indian economy as it contributes greatly to the growth of Indian economy with a network of millions of units, creating employment of about 70 million, manufacturing more than 6,000 products, contributing about 45 per cent to manufacturing output and about 40 per cent of exports, directly and indirectly. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda. Moreover, it is the Micro, Small and Medium enterprises sector which can help to realize the target of proposed National Manufacturing Policy of raising the share of manufacturing sector in GDP from 16 per cent at present to 25 per cent by the end of 2022.

The ‘spirit of entrepreneurship’ becomes a cornerstone on which successful economies can be built. Entrepreneurship is an enigmatic concept and connotes different things to different people, including entrepreneurs

themselves. It is important to understand what drives entrepreneurship and why some are prepared to take that route, while there are many others who shy away from starting a venture on their own.

The Dindigul district is with significant number of industries both at Service as well as Manufacturing. Although it has significant potential for industrial development, it is necessary to evaluate Entrepreneurial Spirit and the performance of Micro, Small and Medium Enterprises sector to analyze its growth and efficiency, to find the means of reviving it and to assess the effective measures designed for the promotion of industries.

This is almost a virgin area for empirical research. Therefore, there urged a need to undertake a study on Entrepreneurial Spirit, their problems and expectations and the performance evaluation of Micro, Small and Medium Enterprises in Dindigul District.

3. OBJECTIVES OF THE STUDY

The objectives of the present study are as follows:

1. To examine the socio economic conditions of Micro, Small and Medium Entrepreneurs.
2. To analyse the entrepreneurial spirit of the Micro, Small and Medium Entrepreneurs.

3. To analyse the problems of the Micro, Small and Medium Entrepreneurs and their expectations.

4. METHODOLOGY

The researcher prepared an interview schedule for collecting the primary data. Before preparing the schedule the researcher made a comprehensive review of the literature directly and indirectly connected with the topic of the study. The collected data were tabulated and analyzed in a systematic manner.

The secondary data were collected from Books, Journals, Published Reports, Newspapers and Websites. Besides, the data were also collected from the records of the various business institutions.

5. SAMPLE DESIGN

As per the records available at the District Industries Centre, Dindigul, there were 8616 registered units in Dindigul district, in the year 2015-16. On enquiry with the officials of DIC, it is found that around 496 units were defunct and the rest of 8120 units were effectively functioning at the time of conducting the survey. It has been decided to choose five per cent of this universe, namely 406 units as sample units. Tippet random numbers was used for selection of the sample. Of the 406 sample units, there were 231 micro units, 105 small units and 70 medium units. At the time of selection of respondents, due care was given on seniority regarding the establishment of the units.

6. FRAMEWORK OF ANALYSIS

The growth of MSME functioning in the State and the District had been analysed with the help of the available data. The Socio economic conditions of the respondents were analysed with the help of percentage analysis. The most important perception towards the Entrepreneurial Spirit of MSME entrepreneurs was tested with the help of “F” Test and Index Analysis. One way Analysis of Variance (ANOVA) has been applied to analysis the respondents regarding their perception towards entrepreneurial spirit and problems encountered in entrepreneurial spirit.

Factor analysis has been applied to find out the important factors motivating the entrepreneurial spirit among the Micro, Small and Medium entrepreneurs. The Multiple Regression Analysis has been administered to find out the impact of personal profile on entrepreneurial spirit and the impact of various problems on entrepreneurial spirit.

7. SCHEME OF THE REPORT

The present study is organized into seven chapters. The first chapter entitled ‘Introduction and Design of the Study’ and it deals with the design of the study. The second chapter titled, “Review of the Literature” deals with the studies made so far and the part, which was not studied and thereby the Research gap has been identified. The third chapter titled ‘Micro, Small and Medium Enterprises – An Overview’, deals with the various categories of MSMEs functioning in India, Tamil Nadu and the sample district. The fourth chapter titled ‘Socio-Economic Conditions of the Sample Respondents presents the Socio economic conditions

of the sample respondents in the study area. The fifth chapter titled ‘Analysis of Entrepreneurial Spirits among MSME entrepreneurs analyses the various kinds of spirits available in among the respondents. The sixth chapter titled ‘Problems faced by MSME entrepreneur respondents and their Expectations’ identifies the problems and expectations of MSME entrepreneur respondents. The final chapter titled ‘Summary of Major Findings, Suggestions and Conclusion present the summary of major findings, suggestions and conclusion.

Performance of MSME – An overview

The Government of India, Ministry of Micro, Small and Medium enterprises has notified the Udyog Aadhaar Memorandum under the MSMED Act 2006. MSME – DI , Chennai was established in the year 1954.

The various schemes introduced are Capital Subsidy, Low Tension Power Tariff Subsidy, Value Added Tax Subsidy, Generator Subsidy, Back-ended Interest Subsidy (BEIS), Youth Employment Generation Programme (UYEGP), New Entrepreneur-cum-Enterprise Development Scheme (NEEDS), Scheme for Technology Development, Prime Minister’s Employment Generation Programme (PMEGP) and Marketing Support.

Characteristics of Sample Respondents

The independent social variables such as gender, age, religion, community, marital status, family type, level of education, educational qualification, nature of origin, previous occupations, type of occupations, level

of inspiration, business supporter, area of residence, type of business units and type of organisation were chosen for the analysis.

Entrepreneurial Spirits of MSME Entrepreneurs

The variables included and analysed are Personal spirit, Feeling based spirit, Deep minded spirit, Society based spirit, Trait based spirit, Innovation based spirit, Opportunity based spirit, Family based spirit and Managerial based spirit. All variables were found to be statistically significant at one per cent level. As the majority entrepreneurs are in the index range of 75 to 100 percent which implies that the attitude towards Management based spirit is high in all size of entrepreneurs.

Regarding the perception on ‘Personal Spirit’, the significantly associating profile variables are Area of residence, Type of ownership, Size of the units since their ‘F’ statistics are significant at five per cent level. Regarding the perception on “Feeling Based Spirit”, they are Gender, Education qualification and Size of the Units. In the case of perception on ‘Deep Minded Spirit’ the variables are Religion, Education qualification and Area of residence. In the case of perception on ‘Society Based Spirit’, they are Gender, Marital status, Previous Occupation if any and Size of the Units. In the case of perception on ‘Trait Based Spirit’, the significantly associating profile variables are Education qualification, Area of residence, Type of ownership and Size of the Units since their respective ‘F’ statistics are significant at five per cent level. As for as perception on ‘Innovation Based Spirit’, the significantly associating

profile variables are Gender, Marital Status, Education qualification and Size of the Units since their respective 'F' statistics are significant at five per cent level.

In the case of perception on 'Opportunity Based Spirit', the significantly associating profile variables are Type of ownership and Size of the Units since their respective 'F' statistics are significant at five per cent level. As for as perception on 'Family Based Spirit', the significantly associating profile variables are Marital status, Education qualification, Previous Occupation if any, Area of residence and Size of the Units since their respective 'F' statistics are significant at five per cent level. In the case of perception on 'Management Based Spirit', the significantly associating profile variables are Age in years, Religion, Community, Area of residence and Type of ownership since their respective 'F' statistics are significant at five per cent level.

Problems Faced By Respondents

The overall analysis revealed that maximum percentage of the respondents 50-75 per cent OPI; 41.1 per cent of the respondents had 75-100 per cent OPI and 14.8 per cent of the respondents had 25-50 per cent OPI. The Micro and Small entrepreneur respondents having 50-75 per cent OPI constituted 43.3 and 42.9 per cent of its respective total, whereas Medium entrepreneur's respondents having 50-75 per cent OPI constituted 48.6 per cent. At the same time, the Micro and Small entrepreneur respondents having 75-100 per cent OPI constituted 40.3 and 39.0 per cent of their respective total and the Medium entrepreneurs respondents having 75-100 per cent OPI constituted 47.1 per cent of its total.

Regarding the respondents with 25-50 per cent OPI, the respondents of all the three entrepreneur categories constituted 16.5 per cent, 18.1 per cent and 4.3 per cent respectively. From the above analysis it can be inferred that a majority of the respondents (85.2%) came under more than 50 per cent OP index category.

Expectations of Respondents from the Government for Overall Development

Six variables are identified as expectations. Each variable has many statements. As some statements have common components which correlated with one another due to common factors, factor analysis technique is applied to find out the relationships.

With regard to the factor “Skill and Development”, Steps to develop managerial skills, Training in development of traits, Development of communication skill, and Exposure to innovative methods are statistically not significant. Introduction of ideas on diversification and Awareness Camps are significant at five per cent level and their F values are 5.434 and 5.297.

In case of the factor “Training and Orientation”, Providing more ideas on training, Exposure to leadership training, Encouragement from Big business, Providing more ideas on modernization and Provision of Raw materials with subsidy are statistically significant at one per cent level and their F Values are 11.505, 11.126, 14.796, 16.939 and 38.845. Ideas on risk orientation are statistically significant at five per cent level and its F Value is 5.286.

As for as the factor “Motivation” is concerned, Position in society, Provision of more technology and Development of Self motivation are statistically significant to one per cent level and their F Values are 26.386, 29.109 and 33.881.

In the factor “Financial Assistance”, Support from Government policies and schemes is statistically not significant. Accommodation in Industrial Estate and Financial Assistance from Government are statistically significant to one per cent level and their F Values are 8.504 and 19.670.

Under the factor “Development Programmes”, Membership in Associations and Entrepreneurship Development Programmes are statistically significant to one per cent level and their F Values are 16.939 and 32.790.

With regard to the factor “Updating Knowledge”, More knowledge on subsidy is statistically not significant. Exposure to use of time saving methods and Updating of Technology are statistically significant to one per cent level and their F Values are 21.970 and 4.729.

8. SUGGESTIONS

The supportive actions of the government should create a conducive environment which finally leads to industrial growth. The growth of MSME is par with India and Tamil Nadu has been in increasing trend, there is a need of wide publicity of MSME Schemes and their benefits to be given to the people. It will lead to new people to enter into entrepreneurial activities and ultimate

increase in number of units, employment, investment and fixed assets and well being of country and people.

People should set their goals to be entrepreneurs and have the spirit to generate employment by developing their enterprises and society.

Entrepreneurial Development Programmes will make an arrangement to support the establishment of the unit and will include provision of finance, raw material, infrastructure and machinery. Adequate follow up and counselling of them is also essential both during implementation stage and when the unit starts commercial production. It is also the responsibility and accountability of entrepreneurs themselves to hunt for the schemes available and make use of them. Entrepreneurs' mindset should look for / create opportunity to do the business / sustain the business. There may be some failures at the time of undertaking the business, entrepreneurs should learn from their mistakes and should have the spirit to overcome the failures and develop their business.

Government has Public Procurement Policy to procure certain percentage of products from MSME to encourage those units. It also has Credit Guarantee Trust Fund to support defaulter MSMEs. These two schemes reduce the risk of MSME Entrepreneurs to start new units and run the existing units continuously.

- ✓ Entrepreneurial culture may be initiated to aspirants from school level.
- ✓ Entrepreneurial Development Programmes may be conducted at Panchayat, Block, District and State levels by the Government.

- ✓ Training on development of entrepreneurial spirit and skill may be given to the unemployed youth at different levels.
- ✓ NGOs may take voluntary steps to inculcate spirit among the eligible and aspiring public.
- ✓ More subsidy and loan at very meagre rate of interest may be provided to aspirant entrepreneurs.

9. CONCLUSION

The present study has brought to light the pertinent problems faced by the Micro, Small and Medium entrepreneurs in the sample district. The suggestions presented in the study will mitigate the problems of the MSME entrepreneurs in the study area in particular.

It is earnestly believed that the findings of the study will help the legislators, executives and judicial authorities to realise the need for reforms by the way of inducing entrepreneurial spirit in new MSME entrepreneur development. Such organised efforts on all sides alone can really ensure the success for MSME entrepreneurs.

This study will also pave the way for understanding similar studies in the area of MSME entrepreneurship development. Based on the experience of the researcher, the following issues may be taken for further research.

- Sickness in MEME – A study with special reference to Dindigul District.
- A Study on the Analysis of Business Environment for MSME Entrepreneurs.
- A Study on Impact of Entrepreneur Development Programmes for MSME Entrepreneurs.
- A Study of Analysis of Risk Reduction Factors for MSME Entrepreneurs.

The researcher will feel amply rewarded if the above studies have paved way for further explorative research in future which will contribute a lot to improve the well being of the entrepreneurs to a greater extent.