CHAPTER 6

SUMMARY OF FINDINGS, CONCLUSION, RECOMMENDATION AND SUGGESTIONS FOR FUTURE RESEARCH

6.1 SUMMARY OF FINDINGS

The findings from this study could be summarized as follows:

i. Age of the entrepreneurs was studied and it is found that young category of entrepreneurs has earned maximum level of profit than the middle and old aged category of entrepreneurs. This shows the active involvement of the young entrepreneurs in developing the Small Scale Industries. The chi-square test also proves that there is a close relationship between age of the entrepreneurs and profit earned by them.

ii. Gender of the entrepreneurs was studied and it is discerned that male entrepreneurs have earned maximum level of profit than the female entrepreneurs. Earlier study also reveals the same. (Sambit 2004) this shows the commitment of the male entrepreneurs in Small Scale Industries. The chi-square test also confirms that there is a close relationship between gender of the entrepreneurs and profit earned by them.

iii. Marital status of the entrepreneurs was studied and it is found that married entrepreneurs have earned maximum level of
profit than the unmarried entrepreneurs. This shows the active
involvement of the married entrepreneurs in uplifting the Small
Scale Industries. The chi-square test also proves that there is a
close relationship between marital status of the entrepreneurs
and profit earned by them.

iv. Geographical area where the Small Scale Enterprises
functioning were studied and it is observed that urban
enterprises have earned maximum level of profit than the semi
urban and rural enterprises. Previous studies are for (David
2002) and against (Rana 2004) the present findings. The chi-
square test also proved that there is a close relationship between
geographical area of the enterprises and profit earned by them.

v. Educational qualification of the entrepreneurs was studied and
it is highlighted that post graduate entrepreneurs have earned
maximum level of profit than the graduate, diploma, SSLC,
and other category of entrepreneurs. The result of Sambit
(2004) study also reveals the same and this shows the active
involvement of the post graduate entrepreneurs in developing
the Small Scale Industries. The chi-square test also proves that
there is a close relationship between educational qualification
of the entrepreneurs and profit earned by them.

vi. Age of the Small Scale Enterprises was studied and it is found
that middle aged category of enterprises has earned maximum
level of profit than the newly started and old aged category of
enterprises. Study by (Sambit 2004) supports this finding. This
shows the active participation of the middle aged category of
enterprises in developing the Small Scale Industries. The chi-
squire test also proves that there is a close relationship between age of the enterprise and profit earned by them.

vii. Type of industry run by the entrepreneurs was studied and it is found that Plastic, and Engineering and manufacturing industry have earned more profit than Agricultural and horticultural, textile, services, trading, and other type of industries. This shows that the Engineering and manufacturing industry has contributed towards development of the Small Scale Industries. The chi-square test also proves that there is a close relationship between type of industry and profit earned by them.

viii. Type of ownership of the Small Scale Enterprise was studied and it is found that private limited companies have earned maximum level of profit than the sole proprietorship, partnership, public limited companies. This shows the active participation of private limited companies in the Small Scale Industrial sector. The previous study (Sambit 2004) supports the present study’s findings. The chi-square test also evidences that there is a close relationship between type of ownership and profit earned by them.

ix. Government schemes available to extend capital support to Small Scale Entrepreneurs was studied. It is found that 9 (11.5%) entrepreneurs raise capital through Prime Minister’s Rozgar Yojana (PMRY) scheme, 8 (10.3%) respondents through Industrial Infrastructure Upgradation Scheme (IIUS), 10 (12.8%) respondents raise capital through Composite Term Loan (CTL) Scheme, 14 (17.9%) respondents through National Equity Fund Scheme (NEFS), 8 (10.3) respondents raise capital through Anna Marumalarchi Puthiya Thittam, 7 (9%)
respondents through Women Entrepreneurship Development Program, 8 (10.3%) respondents through Directorate of Industries and Commerce, and 12 (15.4%) respondents through Credit Guarantee Fund Trust Scheme (CGFTS). On the other hand, 2(2.5%) of the respondents raise capital through other schemes.

x. Capital invested in the business was studied and it is found that entrepreneurs with investment more than `2 crores have generated more profit than entrepreneurs with investment up to `50 lakhs and `51 lakhs to `2 crores. This shows the involvement of the entrepreneurs who have invested more than `2 crores in developing the industry. The chi-square test also proves that there is a close relationship between the amount of investment and the profit earned by the entrepreneurs.

xi. Number of employees in the enterprise and profit earned were studied and it is found that enterprises with medium (26-50) number of employees have earned more profit than enterprises with low and high number of employees. This shows that the entrepreneurs have better control over the employees’ performance when the number of employees are medium in the enterprise. But the chi-square reveals that there is no close relationship between number of employees and their level of profit earned by Small Scale entrepreneurs.

xii. Premises used for the business practices was studied and it is found that 382 (76.4%) respondents use free-hold (Own) premises for their business practices, 102 (20.4%) respondents use Lease-hold (Rented) premises for business activities. On the other hand, 16 (3.2%) of the respondents use other category
of premises for business purpose. This shows that the sources of premises available for small scale entrepreneurs are limited other than own premises. Previous study by (Koti2008) supports the findings by the present study.

xiii. Availability of trained and skilled personnel in Small Scale Industrial sector was studied. 87 (17.4%) respondents stated that trained and skilled personnel availability is very high, 103 (20.6%) respondents stated that trained and skilled personnel availability is high, 156 (31.2%) respondents stated that trained and skilled personnel availability is moderate, and 87 (17.4%) respondents stated that trained and skilled personnel availability is low. On the other hand 67 (13.4%) of the respondents were stated that trained and skilled personnel availability is very low. This shows that availability of trained and skilled personnel is a spot of botheration and previous study (Sheela2000) supports the findings from the present study.

xiv. Availability of raw material in Small Scale Industries was studied. 145 (29%) respondents stated that required raw materials are always available, 137 (26.8%) respondents stated that raw materials are available but not at required quantity, 102 (20.4%) respondents expressed that we are facing the problem of interrupted power supply, 76(15.2%) respondents stated that availability of raw material is seasonal. On the other hand, 43 (8.6%) of the respondents put forth the problem of scarcity of raw material. Previous study (Malga 1997) supports these findings. This shows that availability of raw materials is a great concern for Small Scale Entrepreneurs.
xv. Factors influencing the process of choosing a good production was studied through Factor Analysis technique. It is found that among nine variables only two variables influence at high level the choosing of good production system in Small Scale Industries. They are estimation of financial requirements and estimation of demand and supply which shows 55.205 level of variance. Study by (Anilkumar 2011) does not support this findings of the present study

xvi. It is apparent from the analysis made on labour turnover that 134 (26.8%) respondents face the problem of very high labour turnover, 201 (40.2%) respondents facing the problem of high labour turnover, 98 (19.6%) respondents face moderate labour turnover, and 43 (8.6%) respondents face low labour turnover. On the other hand, 24 (4.8%) of the respondents expressed that we face very low labour turnover. Previous study (Patil 2000) supports the present study’s findings. This shows that labour turnover is a major bother for Small Scale Entrepreneurs.

xvii. Strategy to retain the employees was studied by using Rank Analysis technique and it is discerned from the results that out of six major factors, use of proper tests and interviews at the time of selection ranks first with a Garrett score of 26708 points, it followed by others factors such as respect and recognition, career development etc., ranking second with a Garrett score of 26284 points. The benefits such as Introduction of proper incentive plan, Proper salary/wage plan, and Provision for reasonable amenities and welfare measures are ranked into third, fourth, and fifth positions with the Garrett score of 25068, 24658, and 24112 points respectively. On the other hand, maintaining better human relation is ranked in the
sixth position with a Garrett score of 23170 points. These efforts show that Small Scale Entrepreneurs pay more attention on retaining their employees.

xviii. Use of proper performance appraisal system to retain their manpower was studied and it is found that 145 (29%) respondents were implementing the proper performance appraisal system to retain their manpower. On the other hand, 355 (71%) of the respondents did not implement any performance appraisal system. It is perceived that 25 (17.7%) respondents use ranking method, 34 (23.4%), 23 (15.9%), 13 (9%), 14 (9.7%), and 8 (5.6%) respondents use paired comparison, grading, forced distribution method, checklist method, field review method, and 360 degree appraisal technique respectively. On the other hand 12 (8.2%) of the respondents use all the above mentioned techniques, and 3 (2%) of the respondents use other methods for evaluating the employee’s performance. This shows the lack of implementation of modern human resource management techniques by Small Scale Entrepreneurs. Previous study (Anilkumar 2011) supports the present study’s findings.

xix. Marketing performance by the entrepreneurs were studied and it is found that entrepreneurs exerting medium influence on marketing performance category have generated maximum level of profit than the low, and high influence on marketing performance categories. This shows that medium level of marketing performance is good enough to develop the Small Scale Industries. In this regard, previous study by (Arjunkumar 2012) does not support the present study’s findings. The chi-square test proves that there is no close relationship between
marketing performance of the entrepreneurs and profit earned by them.

xx. Multiple regression analysis has been carried out to study variability of the dependent variable namely level of profit earned. It shows better results of the independent variables such as the marital status of the respondents with units change 3.751, with 2.814 units change in the type of industry, with 51.420 units change in the amount of investment, and with 1.159 units change in marketing performance. The factors such as age (-61.845), gender (-0.897), geographical area (-13.832), educational qualification (-6.396), age of business enterprises (-7.374), type of ownership (-2.130), and number of employees (-11.596) are negatively associated with the level of profit earned.

xxi. Mode of marketing used by entrepreneurs has been studied. It is discerned that majority 224 (44.8%) of the entrepreneurs use direct marketing followed by 135(27%), 65 (13%), and 46(9.2%) of the entrepreneurs using dealers and distributors, advertisement through media, and marketing programmes arranged by the government agencies respectively. On the other hand, a meager portion consisting of 30 (6%) entrepreneurs uses all the above mentioned techniques to market their products to raise the optimum profit. In this regard, previous study by (Kanagarathinam & Sukumar 2013) supports the present study’s findings. This shows that choosing the effective mode of marketing will support the Small Scale Entrepreneurs than going for multiple techniques.
Marketing support extended by the government to Small Scale Entrepreneurs has been studied and the findings are presented below:

a. It is observed that 322 (64.4%) respondents approached the government agencies to avail marketing support extended by them. On the other hand, 178 (35.6%) of the respondents did not approached the government agencies to avail marketing support.

b. It is found that majority 67 (20.9%) of the entrepreneurs availed marketing support through export promotion followed by 54 (16.8%), 35 (10.9%), 34(10.6%),34(10.6%),30(9.3%),25(7.7%) and 23(7.1)of the entrepreneurs availed marketing support through Buyer-Seller Meet, Business to Business Meet, E-club, Cluster Development Programme, all the above, Central Government Stores Purchase Programme, and Feasibility Reports respectively. On the other hand, meager 20 (6.2%) of the entrepreneurs availed marketing support through other sources.

c. Majority 279 (55.8%) of the entrepreneurs opined that marketing support given by the Government agencies needed for improvement and 134 (26.8%) of the entrepreneurs expressed that marketing support given by the Government agencies was fair. A meager portion of the entrepreneurs consisting of 87 entrepreneurs (17.4% of the sample) stated that marketing support provided by the Government agencies was good.
Impact of Large Scale Industries on Small Scale Industries has been analyzed. It is perceived that majority 234 (46.8\%) of the entrepreneurs sense that Small Scale Industries are highly affected by Large Scale Industries’ activities followed by 123 (24.6\%), 86 (17.2\%), and 34 (6.8\%) of the entrepreneurs sensing that Small Scale Industries are moderately affected, neither affected nor not affected, not affected by Large Scale Industry’s activities respectively. On the other hand, a meagre 2.3 (6\%) of the entrepreneurs sense that Small Scale Industries are not at all affected by Large Scale Industries activities. Previous study (Shivakanth 2008) supports the present study’s findings. This shows that competing with Large Scale Industries is a great challenge for the Small Scale Entrepreneurs.

In the present study it is found that out of five major risk factors faced by the Small Scale Entrepreneurs, competition ranks first with a Garrett score of 27530 points, followed by Finance related risk ranking second with a Garrett score of 25080 points. The risks namely Less target customer, and Personnel related risk are ranked into third, and forth positions with a Garrett score of 24600 and 24080 points respectively. Technology related risk is ranked in the fifth position with a Garrett score of 23170 points.

Awareness on Government support available to Small Scale Entrepreneurs has been studied. It is found that majority 142 (28.4\%) of the respondents have moderate level of awareness on Government support available, followed by 112 (22.4\%), 108 (21.6\%), and 76 (15.2\%) of the respondents having low, very low, and high level of awareness respectively. On the
A high level of awareness on Government support available for Small Scale Industries. Previous study (Shivani, 2012) supports the present study’s findings. This shows that awareness among the Small Scale Entrepreneurs on Government support
available for Small Scale Industries is not up to the mark.

Problems faced by Small Scale Entrepreneurs during expansion of their business have been studied. It is gathered that out of five major problems others (inventory, technology, controlling, etc.) is ranked first with a Garrett score of 2640 points. It is followed by Work force issues ranking second with a Garrett score of 27070 points. The problems such as Less Space availability, and Marketing issues are ranked third, and forth positions with the Garrett score of 2480, and 23740 points respectively. On the other hand, Financial issues was ranked in the fifth position with the Garrett score of 2710.

Government organized development programmes attended by the Small Scale Entrepreneurs has been studied. It is observed that out of four major categories seminars and workshops is ranked first with a Garrett score of 2760 points, entrepreneurship development programmes is ranked second with the Garrett score of 23802. Management development programme is ranked in the fourth position with the Garrett score of 21510. This shows poor entrepreneurs interest in attending seminars and workshops.

Awareness on development programmes organized by the Government has been studied. It is found that majority 333
(66.6%) of the respondents are not having good awareness on development programmes organized by the Government. On the other hand only 167 (33.4%) of the respondents are having good awareness on development programmes organized by the Government. This shows that awareness among the Small Scale Entrepreneurs on Government support available for Small Scale Industries is low.

xxix. The subject of additional support and subsides required from the Government has been studied. It is noted that out of five major categories electricity facility is ranked first with a Garrett score of 28100 points. It is followed by Infrastructure support ranking second with the Garrett score of 26660 points. Financial, and Marketing support and subsidy were ranked into third and fourth positions with the Garrett scores of 24980, and 23660 points respectively. Technological support is ranked in the fifth position with a Garrett score of 21600 points.

xxx. Opinion on impact of Government policies on Small Scale Industries has been studied. The inference is put forth as follows. Majority of the respondents (233 respondents, 46.6% of the sample) opined that Government policies on SSIs moderately affects the industry. 145 respondents (29.0% of the sample population) held that Government policies severely affect the industry, 67 respondents (13.4%) expressed that Government policies do not affect the industry, 34 respondents (6.8%) stated that Government policies produce no change on the industry. A meager portion consisting of 21 respondents (4.2%) ascertained that Government policies mostly do not affect the industry.
This shows that there are mixed opinions on the impact of Government policies on the SSI. However, it is perceived that, Government policies have significant impact on Small Scale Industries’ development and performance.

6.2 RECOMMENDATIONS AND SUGGESTIONS

Based on the outcome of the study, the following key aspects are suggested for future research:

To the Promoters

i. The major issue to be addressed primarily is the availability of adequate and timely finance to start the business or to expand the business or smooth functioning of the existing business, so the promoters should have a clear financial plan. If looking for financial assistance, they should approach the appropriate agency where it is available.

ii. Compared to semi urban and urban areas, there are very few SSI units in rural areas, by gathering required information, acquiring available support, as well as taking advantage of rural environment, can do the business (SSI) successfully.

iii. Marketing is another major issue. The promoters should give more importance in attending marketing - oriented programmes like trade fairs, exhibitions etc., arranged by the Government.

iv. Inventory, Technology and Control are the major issues during expansion. Few Entrepreneurs attend MDPs (Management Development Programmes) and EDPs (Entrepreneurship Development Programmes). Their interest
should be raised. Active participation by more entrepreneurs in these programmes will support the promoters strongly on these issues.

vi. Females should be encouraged to come forward, and by utilizing the supports and subsidy provided by the Government, they should and start and run the business successfully.

vii. Availability of skilled and trained manpower with high labour turnover is an issue, so they should try to attract and retain the employees implementing suitable selection techniques like performance appraisal system, career development options, etc., as identified in this study.

viii. Those who are in agro industries have more chance producing of byproducts. Identifying it will minimize the problems.

ix. Competition is identified as crucial risk factor from this study. Majority of the entrepreneurs felt that LSIs affect the business, few entrepreneurs attend marketing programmes arranged by the Government with the exception of export oriented entrepreneurs. So the entrepreneurs should attend minimum one programme in every three months.

x. Awareness among the entrepreneurs about Government support and subsidies available for SSI is low as identified in this study. So they should understand the importance of having maximum awareness in all aspects as a business person by way of attending at least two awareness programmes in a year.
xi. Urban industries performance is comparatively high so rural and semi urban entrepreneurs can visit urban industries 1 or 2 times in a year to upgrade themselves.

xii. New enterprises face more issues. So for few years, promoters should attend 4 or more programmes in a year which is organized by Government to gain more knowledge to overcome the issues they face.

To the Regulators

i. Finance stands as the major issue. Capital raised through own investment and friends and relatives is more than the finance from the Government. So Government funding can be increased to raise the growth rate of SSI units by increasing the awareness programmes to at least 4 in a year to create awareness about financial support available for different industries. Also the procedure to avail the financial support should be made easy.

ii. The SSI units in rural areas are not many in numbers. The Government and other supporting agencies to encourage setting up of SSI units in rural areas by means of provision of infrastructures, tax exemption, etc.

iii. Entrepreneurs are in need of more marketing support and the utilization rate is lower except export oriented industries, So Government should take steps to create awareness and also increase the frequency of programmes (3 to 4 in a year) like trade fairs, exhibitions, training programmes etc.
iv. Electricity has been a major problem for a long time the Government should take necessary steps, to ensure that for the present whatever the amount of power can be supplied in a day that shall be made available continuously without interruption. It shall be brought to the notice of the Government by the concerned authorities.

v. Growth of the SSI in numbers is on an average just 7 percent. This growth rate may be increased to 10 -15 percent by inviting and encouraging the newcomers on continuous basis.

vi. During expansion, entrepreneurs face inventory, technological, and managerial issues. Two awareness camps in a year on inventory and technological issues like Just in Time (JIT) method, seminars, MDPs, etc., will educate them to overcome the issues .

vii. To overcome the labour turnover issue in the industry, exclusive managerial development programmes should be organized once in every two months by the Government agencies to support the SSI sector.

viii. The issue of availability of skilled and trained manpower can be handled strongly by the Government by means of increasing the efforts on training the unemployed and place them in SSIs in a more organized way.

ix. Compared to other industries, agricultural industries are facing more issues due to several reasons. Hence additional support like continuous power supply, common storage place, marketing support and so on shall be provided to the agricultural industries.
x. Comparatively, competitions in rural areas are not high. So by analyzing the potential in the area, new units shall be encouraged with additional efforts like offering additional subsidies, tax concessions, and preferences while extending the various supports.

xi. Awareness about Government support and subsidies available for SSI is a serious issue to be addressed. So through different media like radio, televisions, news magazines, the internet, etc., awareness should be created.

xii. New entrepreneurs face more issues. So Government should give preference to new people for attending three to four development programmes in a year.

**To the Society**

i. It is very basic to understand that SSI products are high quality products. People should give equal preference to buy the SSI products which will encourage the producers to market their products.

ii. Educated and unemployed youths who have a passion to become entrepreneurs should come forward and start their own businesses by utilizing all available support to SSI sector. This will promote the growth rate of SSI sector and it is always good to the state and country.

iii. Competitions in rural areas are minimum in comparison to urban areas. So, by analyzing the potential in the rural area, people in rural area may start their own suitable business and excel.
iv. Entrepreneurs who have sound knowledge about the SSI sector may inspire and guide the youngsters and create awareness in this regard.

v. Experts in the society may spread the knowledge, like latest technology in the field, effective use of resources, managerial techniques and their added benefits.

vi. Women entrepreneurs should be encouraged through additional support and subsidies given in this regard. Society plays major role. It should encourage the women entrepreneurship

6.3 CONCLUSION

Small scale enterprises are critical to the promotion of sustainable economic growth and unemployment reduction in the county. But for the sector to perform such functions, these identifiable unfavorable business environments must be addressed. These are financial barriers, labour problems, marketing issues, infrastructural issues, and lack of awareness about support available for small scale industries.

The various problems faced by them are solved collectively. Promotional measures and training to entrepreneurs can go a long way to solve the various problems faced by them. Poor access to credit facilities consequently makes many producers to take their own alternative, which adversely affects cost structure and the competitiveness of the enterprises. The need for the Government to intervene in a more meaningful way has been underscored. The Government should enable the small scale enterprises to cope better with the challenges inherent in today’s complex and highly volatile operating environments. The study recommends that the Government should urgently address the issue of poor electricity supply as well as consider
other suggestions also to rejuvenate the SSI sector in development and sustainability. This has become critical in view of the potentials of the SSI sector in entrepreneurship development, employment generation and wealth creation.

6.4 FUTURE RESEARCH AND THINKING

It is obvious that all research work involve certain limitations which act as seed for future research. This research work has primarily focused on empirically testing the prosperity and common problems faced by the entrepreneurs and analysed the various factors influencing the success of the Small Scale Entrepreneurs. Present research work provides many links which have future possibility to extension of the research to examine the following aspects:

i. A comparative analysis of successful entrepreneurs of first generation and second generation entrepreneurs with special reference to agro-based industries in Tamil Nadu.

ii. A study on the impact of technology-driven Small Scale Industries with special reference to manufacturing industries in Tamil Nadu.

iii. An evaluation of marketing problems and prospects of Small Scale Entrepreneurs with special reference to food processing industries in Tamil Nadu.

iv. A study on women entrepreneurship and their contribution to the growth of Small Scale Industries.

v. An evaluation of growth and development of employment opportunities generated by Small Scale Industries with special reference to textile industries in Tamil Nadu.