CHAPTER-III

THEORETICAL FRAME WORK FOR DATA ANALYSIS

This chapter contains information on the theoretical background of the analysis to be made in Chapter IV and V.

Chapter IV is an analysis of the trend of performance of SSI/MSME units under pre-globalization for a period of 20 years from 1970-71 to 1989-90, and post globalization period for 20 years from 1990-91 to 2009-2010, and a comparison of trend of both pre and post globalisation for a period of 40 years. The performance of the SSI /MSME sectors in India and Kerala are made by taking into account the trends in Number of Units Registered, Employment generated, Production, Investment and Export by the application of compound growth rate. After that, these trends are analysed by using graphs in both pre and post globalization periods.

From the analysis, it is clear that there are certain behavioral factors which affect the trends of the units registered, employment generated, production, investment and export on account of globalization. Such behavioural factors are categorized into five main variables and are analysed in Chapter V. The theoretical description is described as under:

Identification of variables and their constituent items

The following are the main variables identified in this case:

1. General Factors
2. Economic Factors
3. Social Factors
4. Motivational Factors; and
5. Cultural Factors

Each of the main variables is again sub-divided into different number of sub-variables or constituent items. This constituent sub-items are made to have an analytical perception. The statistical accuracy of the variables and their constituent sub variable items are shown in Table 3.1.

Table: 3.1

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Variables</th>
<th>Sub- Variables</th>
<th>Pre-Globalisation</th>
<th>Post-Globalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>General Factors(V₁)</td>
<td></td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>2.</td>
<td>Economic Factors(V₂)</td>
<td></td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>3.</td>
<td>Social Factors(V₃)</td>
<td></td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>4.</td>
<td>Motivational Factors(V₄)</td>
<td></td>
<td>15</td>
<td>15</td>
</tr>
<tr>
<td>5.</td>
<td>Cultural Factors(V₅)</td>
<td></td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td></td>
<td><strong>69</strong></td>
<td><strong>69</strong></td>
</tr>
</tbody>
</table>

1. General Factors (V₁)

These are the certain General Factors which have an influence on the working of the Small Scale Industries. The main variable general factors consist of certain number of sub-variables. There are 15 such sub variable identified for studying the performance of Small Scale/MSME units in Kerala under pre and post globalisation era. The sub-variables identified are:

1. Starting new units
2. Entrepreneur’s involvement in other business
3. Sales growth rate
4. Form of business organization

5. Locational advantage (spatial)

6. Technological factors

7. Resistance to change

8. Quality enhancement

9. High Investment needed

10. Production at global standards

11. Attitude of Government or Government policy

12. Ease in management

13. Simple to operate

14. High population; and

15. Traditional in nature

2. Economic Factors (V₂)

There are certain Economic factors that affect the performance of the small scale/MSME units in the wake of globalization. These economic factors are analyzed by taking into account different sub variables. The sub variables identified in this respect are 15 in numbers. They are:

1. Capital

2. Bank loan

3. Creditors for purchase

4. Market conditions
5. Labour
6. Material Bank
7. Machinery
8. Training
9. Managerial skill
10. Production of variety of goods
11. Land
12. Method of Production
13. Profit
14. Risk; and
15. Manageable cost

3. Social Factors ($V_3$)

Another important main variable which affect the performance of the Small Scale/MSME units in Kerala is Social Factors. This main variable is studied by taking into consideration the identified sub-variables that include 15 items depicted below:

1. Religious factors
2. Caste factors
3. Education factors
4. Gender factors
5. Age Factors
6. Organization
7. Period of entry
8. Products
9. Family support
10. Parent’s education
11. Parent Occupation
12. Employment
13. Non-Keralite culture
14. Experience; and
15. Behavioral changes

4. Motivational Factors ($V_4$)

The Small Scale/MSME units in Kerala produces a variety of articles. Behind all these production processes, there exists some kind of motivation. The various sub-variables relating to motivational factors are identified as 15 in number. They are:

1. Money making for comfortable living
2. For satisfaction on ones core initiatives and values
3. For more Freedom and autonomy in personal life
4. To provide employment opportunities to others
5. To serve society in a better way
6. Self employment as an alternative to unemployment
7. To channelize surplus financial resources
8. Encouragement provided by banks/government
9. For using technical competence in specialized area.
10. Inspiration from Entrepreneurial development programme.
11. High incentives (For export items, raw material, tax, grants, subsidy etc)
12. Encouragement from government
13. Demands from local people
14. Generate income and remove poverty; and
15. Low investment, Simple operation and Management.

5. Cultural Factors \( (V_5) \)

Another important behavioral aspect which is used for analysis of the performance of the SSI/MSME units in Kerala is cultural factors. For analyzing the cultural factors, the following Nine (9) sub variables are identified:

1. Religious belief
2. Cultural bend
3. Ethnicity
4. Cultural diversity
5. Eco-friendly products
6. Ethics
7. Social Factors
8. Retain the Tradition

9. Community initiatives

In addition to the five main variables (Table 3.1), the socio-economic background of the owners of management of the sample respondents has been taken into account and analyzed. For analyzing socio-economic background, the following 11 variables are identified. They are:

1. Type of ownership
2. Type of products produced
3. Type of management
4. Academic qualification of owner/manager
5. Experience of owner/manager
6. Number of employees working
7. Number of trade unions
8. Age of business
9. Nature of operation
10. Gender of owner/manager.
11. Religious and caste of owner/manager

All the sub or constituent variables of 69 numbers under five main variables and the Eleven (11) socio-economic variables included in the sample together contribute Eighty (80) sub variables which were analyzed to study the pre and post globalization effect on Small Scale /MSME units in Kerala.
Conduct of Interview

The views of respondents (owners/managers) are collected by using the structured interview schedule developed for this purpose. It comprises of the socio-economic profile of owners and views of respondents on variables identified for studying the problem, which are presented in Table 3.2

Table 3.2

Selected variable (identified) and sub variables

<table>
<thead>
<tr>
<th>SI. No</th>
<th>Variable</th>
<th>Name of Variable</th>
<th>Sub Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>V₁</td>
<td>General factors</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>V₂</td>
<td>Economic Factors</td>
<td>15</td>
</tr>
<tr>
<td>3</td>
<td>V₃</td>
<td>Social Factors</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>V₄</td>
<td>Motivational factors</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>V₅</td>
<td>Cultural Factors</td>
<td>9</td>
</tr>
<tr>
<td>6</td>
<td>V₆</td>
<td>Socio-economic factors</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>Total</strong></td>
<td><strong>80</strong></td>
</tr>
</tbody>
</table>

The response of the respondents, a Seven Point Scale is developed by the researcher and the mode of which is given in Table 3.3.

Table 3.3

Seven point scale

<table>
<thead>
<tr>
<th>Pre Globalisation</th>
<th>Post globalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>40%</td>
<td>40%</td>
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<tr>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>60%</td>
<td>60%</td>
</tr>
<tr>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
Each question was asked to the managers/owners by the interviewer and they are directed to respond on the basis of the Seven Point Scale given against each question in the schedule. Utmost care was taken to give enough time to the owner/manager to think over and answer the questions. The owner/managers were requested to look at the Rating Scale and mark the ‘percentage’ they could agree with and state whether the opinion stands and marked the level with Tick Mark (✔) and proceed to the next question and so on.

The question in each variable are developed and finalized after a pre-test (pilot study). The pre-test was conducted by taking 50 owners/managers, and information was collected. After having removed the irrelevant question, inclusions were made and then finalized.

The Population and the Sample

As regards sample selection, the present study focuses on collecting primary data from three districts. Viz, Kollam, Ernakulum and Kozhikode from three regions such as Southern, Central and Northern based on considering the concentration of number of SSI/MSME units registered in each district.

The Multi-Stage Purposive Sampling was undertaken for the collection of data. In the First Stage, the state is divided into three regions. i.e., South, Central and North based on concentration of SSI/MSME units.

In the Second Stage, districts were identified. From each region, one district each was selected. Accordingly, Kollam from Southern Region, Ernakulum from Central Region and Kozhikode from Northern Region. In the Third Stage, units were identified from each district. 195 units from Kollam, 205 units from Ernakulum and 175 units from Kozhikode by making a total of 575 units which are used for survey. It is seen that all units did not commenced their working prior to 1970-71 for considering 20 years prior and 20 years after globalization. So only a purposive sampling-multi-stage wise only serve the purpose in this regard.
Table 3.4

Sampling structure

Multistage purposive Sampling

1st Stage
- Selection of Region
  - Southern
  - Central
  - Northern

2nd Stage
- Selection of Districts
  - Kollam
  - Ernakulam
  - Kozhikode

3rd Stage
- Selection of Units
  - 195
  - 205
  - 175

Total: 575
Procedure of Analysis

The views expressed by the selected respondents (owners/managers) of the SSI/MSME units in Kerala were tabulated and classified. Statistical tools like Mean (simple), Weighted Mean, Standard Deviation and Co-variance and Percentage were applied to know the average score of the views on each items of variable. Total 80 items from all the five variables along with 11 social and economic variables of owners/managers were analysed individually based on the Mean Score on both pre and post globalization periods.

The variable wise analysis of the performance of SSI/MSME units on the basis of the opinion of the respondents in the pre and post globalised era are analysed in Chapter - V.