CHAPTER -3
RESEARCH METHODOLOGY OF STUDY

3.1. NEED OF THE STUDY

On going through the study of industrialization in the past it has been observed there has been a tremendous growth in this sector. As small scale industry contributes a lot in the development of economy of the country emphasis is on that there should be improvement in linkages in small scale and large scale units and sound and skilled entrepreneurial base needs to be developed.

The focus is on the expanding and strengthening the base of entrepreneurship and their skill enhancement with the latest technical and sound scientific management practices. The suggestions given in the study will help in implementation of EDPs in an effective and efficient manner.

For finding out the gaps between successful completion of Entrepreneurship Development Programmes and failure to set up the units by interested and skilled entrepreneurs. So that the hindrances can be removed so as to increase the success rate and contributing in the industrialization process.

A business enterprise comes into existence due to the pioneering efforts of entrepreneurs. However, there are several issues and problems faced by entrepreneurs while giving shape to their idea. These are as follows:

(a) Selection of business: The entrepreneur might be having a very good business idea. However, successful implementation of the idea into business activity involves a painstaking exercise. First of all, he/she has to study the market to know whether the idea of products or services could be accepted by the market. For the purpose, the entrepreneur has to determine the market demands of the intended products/services and carry out exercises to find out the projected costs of the product or services. In this way, the entrepreneur shall be able to know as to whether the venture is profitable or not. This systematic exercise is known as a ‘feasibility study’ and presented in the form of a report known as ‘Feasibility Report’ or ‘Project Report’. Not only that, an
entrepreneur may conceive a number of ideas and identify many new business opportunities. In view of limited resources he may like to give shape to most the profitable one. The feasibility studies shall help him/her to identify the same.

(b) **Choice of form of business enterprise:** There are various options available to the entrepreneur as far as the choice of form is concerned. He/She may go in for sole proprietorship, a partnership or a joint stock company. The choice is rather difficult issue. However, there are certain lines of business where one has no choice. For example, take the case of banking and insurance. These can only be taken up by the joint stock companies. The size of the business will determine the form of organisation.

(c) **Financing:** The problem of arranging finance always troubles the entrepreneur. As you know, without capital no business activity can be started. Capital is needed for the entrepreneur to buy fixed assets like land and building, machinery and equipment etc. Further, finance is needed to meet day-to-day expenses of the business. Having built up the estimate of the amount of capital required, the entrepreneur may have to arrange finance from various sources. Many financial institutions like IFCI, IDBI etc. are providing 'seed capital fund' or 'venture capital fund' for the financing of good entrepreneurial ventures. So, the entrepreneur shall have to approach these financial institutions and bankers for the purpose, provide some funds on his own and plan for a public issue of capital at the appropriate time.

(d) **Location:** The problem of locating the business unit is another issue for consideration that should be carefully handled by entrepreneur. Location of a business unit depends upon many factors like availability of raw material, availability of transport, power, water, nearness to market etc. Thus, the entrepreneurs need to look at all these factors before setting up a business unit.

(e) **Size of the unit:** Size of the business is influenced by several factors like technical, financial and market considerations. When entrepreneurs feel that they can market the intended products or services and can raise sufficient amount of capital, they can start their operations in a big way. Generally, the entrepreneurs may start their operations on small scale and expand gradually. For example, the owner of Nirma Limited,
Dr. Karsanbhai Patel used to sell washing powders taking rounds in bicycles in 1980s and with increase in operation it has now become Nirma Limited. There is no doubt that if an entrepreneur starts on a small scale, it is easier for him/her to adapt to changes without much risk as huge investments will not be blocked in permanent assets.

However, in the changing business scenario, many entrepreneurs start their ventures on large scale and are prepared to take big risks. Of late, many new entrepreneurs, particularly technocrats (who are professionally trained and employed) have joined in the economic development after leaving their lucrative jobs and started their new ventures in a big way.

(f) **Machines and equipments:** The choice of machines, equipments and processes is a delicate problem before starting a new venture. This depends on various factors like availability of funds, size of production, and the nature of production process. The emphasis should be placed on productivity. Availability of facilities of repairs and maintenance, availability of spare parts and after sale service are also an important consideration while selecting a particular equipment and machinery.

(g) **Suitable manpower:** If the size of business is large, the entrepreneur has to find suitable competent persons for various functional areas. He/She has to identify the right persons for each area and motivate them to join the set up. It is not that easy. It involves a lot of patience and persuasion.

Thus, the entrepreneur has to find solution to many problems and issues while launching anew business. The success is ensured by making proper choices and arrangements.

**SCOPE OF THE STUDY**

The scope of the study has been limited to areas of Punjab. Since it was not possible to cover the entire state due to the resources constraints, the secondary information was gathered from various organizations, journals, newspapers, magazines, periodicals and articles. Primary data collection was carried out from the mentioned districts of Punjab, for this study.
This study covered only those EDPs, which aimed at promoting entrepreneurship development and duration of the programme was at least one month because, in the modules adopted for such EDPs, the course contents covered the essential inputs on knowledge, skills and attitude.

Since the survey was initiated in 2012, so details of EDPs conducted upto 2011 was available, so the information for the last fifteen years was made part of the study. For this purpose, All major institutions / organisations sponsoring entrepreneurship development programmes in the pre-determined geographical areas of study, were considered. All major institutions / organizations conducting entrepreneurship development programmes were taken into account. The aspects to be studied were:

The aspects studied covered the benefits which accrued to them from EDPs training such as in identifying business opportunities, skills developed to diagnose the symptoms of sickness and to take pre-empting measures, their reaction about training and follow-up, performance of those who started their own enterprises, and their suggestions for making EDP more effective.

The sample respondents of the category of untrained EDP entrepreneurs studied on the same pattern as trained ones to make comparison between the two categories.

The sample respondents of commercial banks / financing institutions were covered with the idea to collect feedback about the rate of default / classification of the accounts by the banks in terms of prudential guidelines.

The state of Punjab comprised of 22 districts. Further on the basis of geographical and cultural aspects, the state is divided into three areas i.e Malwa, Doaba and Majha. Malwa area is the biggest area, covering 14 districts, while another district Shaheed Bhagat Singh Nagar is partially in Malwa and partially in Doaba area. Both Doaba and Majha area are spread over 4 districts each. Since it was not possible to carry out the study in all the districts, due to time and resource constraints, therefore, it was considered appropriate, to carry out the study in five districts. Total area for the study thus comprised of five districts. With a view to give this study a regional character it was decided to include two industrially and commercially developed districts with high concentration of small-scale industry and one relatively lesser-developed district from each state. Developed and lesser-developed status of the districts was decided on the basis of number registered small-scale industries in those districts.
District-wise breakup of number of registered SME units in the state of Punjab as on 31-3-2011 was found to be on the higher side in Ludhiana, Jalandhar, Amritsar, Patiala, Mohali and Sangrur. So, these could be categorized as developed districts and all other districts as relatively lesser developed. On the basis of random sample method, One district each from Majha and Doaba (From four districts each) and three districts from Malwa area (From thirteen districts), namely Amritsar, Jalandhar, Ludhiana, representing the developed districts and Ferozpur and Moga from among the relatively lesser-developed districts were identified for this study.

With this selection, the geographical area of whole Punjab also was covered with atleast one district from North, South, east and west part of Punjab.

For the purpose of finding out the present practices followed for Entrepreneurship Development in the geographical area of the study, collection of relevant information from major Entrepreneurship Development (ED) training organizations/institutions was considered necessary. Addresses of major ED training organizations were obtained from the secondary sources and also by way of visits to the sponsoring organisations. It was found that in Punjab, the following organizations were involved in the entrepreneurship promotion and development:

**OBJECTIVES OF THE STUDY**

**Following objectives were set up for the research work:**

To bring out the level of effectiveness of different EDPs which are expected to develop the skills and finally the entrepreneurs.

To find out what type of more inputs can be given so as to increase the entrepreneurial competencies.

To examine what type of problems are being faced by the candidates in starting their work after successful completion of their EDP training.
To analyse the factors which are responsible for failure of trained persons from becoming entrepreneurs and suggesting the corrective measures for the same so as to increase the success rate.

**Sampling of Beneficiaries**

To make the analysis of the study a total 304 EDPs were selected and a total of 578 candidates/participants/beneficiaries were selected for the purpose. The identification of participants to be selected was done by Systematic Random sampling. The EDP beneficiaries of each programme were listed separately. Table 3.1 gives Category-wise number of EDPs conducted in Punjab, while Table 3.2 provides the details of number of EDP conducted and number of beneficiaries in five districts selected for this study. A sample of 578 persons was covered for the study which involved personal interviews in many cases, visits to the organisations conducting EDPs.
### TABLE 3.1

**CATEGORYWISE EDPs CONDUCTED DURING THE PERIOD PUNJAB**

<table>
<thead>
<tr>
<th>CATEGORY OF EDPs</th>
<th>NUMBER OF PROGRAMMES</th>
<th>NUMBER OF PARTICIPANTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>General EDPs</td>
<td>123</td>
<td>4650</td>
</tr>
<tr>
<td>Women EDPs</td>
<td>72</td>
<td>2106</td>
</tr>
<tr>
<td>Product / Skill Specific EDPs</td>
<td>160</td>
<td>4820</td>
</tr>
<tr>
<td>Science &amp; Technology EDPs</td>
<td>152</td>
<td>4002</td>
</tr>
<tr>
<td>REDPs</td>
<td>205</td>
<td>5104</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>712</strong></td>
<td><strong>20682</strong></td>
</tr>
</tbody>
</table>

Source: compiled from the data provided by agencies
TABLE 3.2

District wise Details of EDPs & Beneficiaries (2000 -2011)

<table>
<thead>
<tr>
<th>Area</th>
<th>No. of EDPs</th>
<th>No. of Beneficiaries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ludhiana</td>
<td>65</td>
<td>1910</td>
</tr>
<tr>
<td>Ferozpur</td>
<td>64</td>
<td>1556</td>
</tr>
<tr>
<td>Moga</td>
<td>32</td>
<td>810</td>
</tr>
<tr>
<td>Jalandhar</td>
<td>61</td>
<td>1580</td>
</tr>
<tr>
<td>Amritsar</td>
<td>82</td>
<td>1902</td>
</tr>
<tr>
<td>TOTAL</td>
<td>304</td>
<td>7758</td>
</tr>
</tbody>
</table>

Source :- compiled from the data provided by agencies

To collect the data / information from the trained participants, the questionnaire/interview schedule was mailed to the sample respondents. Thereafter, in most of the cases, visits were to be made. In cases where contact with a particular respondent could not be established.

Offices of many organisations related to EDPs were visited/approached to help in identifying equal number of comparable trained entrepreneurs matching on the basis of year of registration, age, sex, educational background, technical qualification, family background etc.
RESEARCH TOOLS AND DATA COLLECTION.

There are 12 agencies conducting EDPs. The information on record with these agencies about the practices followed for entrepreneurship development and effectiveness of EDPs is not adequate. Whatever information is available it is in consolidated form therefore original data had to be examined for getting the information in the desired design. The questionnaires were got completed and key persons were also interviewed on the basis of schedule before hand. The data collected was tabulated and analysed for drawing inferences.

The questionnaire was designed with a view to obtain the needed information from the training institutions conducting EDPs. This questionnaire was aimed at obtaining the following information.

- Motivation for attending EDP.
- Socio-cultural background of EDP beneficiaries.
- Age, qualification (educational/technical), and experience at the time of undertaking the training.
- Whether the activity identified before the training or the training facilitated the identification of the activity.
- Year of starting the venture.
- Products manufactured or services provided.
- Duration and type of follow-up activities undertaken by training organizations.
- Important inputs covered during EDP.
- Time taken in implementing the project.
- Respondent's impression whether or not EDP training helped him/her in timely implementation and better management of the ventures.
- Information about investment, employment, sales turnover.
- Sources of financing the venture (owned funds/borrowed funds).
- Major problems faced in managing the venture. Whether those problems were discussed in the EDP's.
- In case of failure in the venture, identify the factors, which are responsible.
- Whether the pre-empting Measures to avoid failure were covered in the EDP.
Major findings related to impact of EDPs

• From the study it is clear that entrepreneurs after attending EDPs have collected necessary information and relevant knowledge about relevant functional areas and concerned agencies. They were clear about the project to be undertaken.

• It is also clear from the time taken that after attending the EDPs they have not taken much time in starting the project.

• It has been analyzed from the study that technical knowledge is very important and played a big role in setting up the units.

• Data shows candidates who have attended the EDP has started the business or in the process of setting up but the figure is towards lower side.

LIMITATIONS OF THE STUDY

Some of the entrepreneurs were reluctant to divulge finance related information, such as sales, profits, sources of finance, credit facilities being availed from banks, extent of irregularities etc.

The information provided by some of the entrepreneurs was taken on an approximate basis. Further in some cases where the units were sick / closed, they did not share the reasons and refused to provide reliable data / financial statements.

Some of them did not provide data on the initial cost of the project but did share that actual investments. Therefore the data was provided on approximate basis.

Due to the traditional approach of maintaining secrecy of accounts, the bankers shared general information about the borrowers.

Regarding the problems being faced during EDPs they did not share there problems openly.

The study covered the geographical area of Punjab. The study has been carried out in mainly five districts but there are other areas also.
CHAPTER SCHEME

The study, is covered in seven chapters. The chapter wise content coverage is as follows:

Chapter I deals with introduction to the topic, concepts, definition of entrepreneur, historical perspective entrepreneur, linkage between entrepreneurship and economic development, entrepreneurship as key factor in small scale industry, and entrepreneurship development as a growth process in the development of small scale industry.

Chapter II contains review of the related literature covered from time to time.

The review of literature further strengthened the need for the present study.

Chapter III deals with identification of districts for study, identification of EDP sponsoring organisations, training institutions conducting EDPs, identification of EDPs beneficiaries, sampling plans, research tools and data collection, scope and limitations, and chapter scheme.

Chapter IV deals with present practices of entrepreneurship development in the area of the study.

Chapter V contains Socio Economic Profile of the trained entrepreneurs. The data/information available from interviews and personal discussions also find place in this chapter, duly categorized and directed to the objectives of the study.

Chapter VI Impact Assessment of EDPs. Various statistical tools have been applied to work out the effectiveness and useful of the EDPs. Impact Assessment has been carried out using various parameters.

Chapter VII covers findings of research study, conclusion and recommendation to make the EDPs more effective in the state.