INTRODUCTION

1.1 Background

The importance of entrepreneurship in economic development is well recognised in economic theory and policy. The development experience of advanced countries is full of experiences of entrepreneurs transforming economies and raising the living standards of people by lifting millions out of poverty. It is now accepted that the presence of natural resources in an economy per se will not ensure economic growth and development unless entrepreneurs take the risk and organise the factors of production and transform them into goods and services, the natural resources will remain underexploited. The experiences of several developing countries in Asia and Africa bear testimony to the significance of entrepreneurs in economic development. Entrepreneurship is now considered as a resource just like labour and capital. Both in developed and developing countries are giving more emphasis on activities aimed at enhancing the supply of entrepreneurial resources.

It is not easy to define entrepreneurship as it is a multi-faceted phenomenon. Yet scholars have attempted to provide definitions to entrepreneurship. In the words of Cole (1959) “entrepreneurship is the purposeful activity of an individual or group of associated individuals, undertaken to initiate, maintain or aggrandise profit by production or
distribution of economic goods and services”. Landau (1982) defined entrepreneurship in the following words: “Entrepreneurship is the process whereby people, money, markets, production facilities and knowledge are brought together to create a commercial enterprise which did not exist before”.

Entrepreneurship is also associated with a number of personality traits. Some of the important personality traits are risk taking ability (Knight, 1921; Mill, 1848), achievement motive (McClelland, 1961), desire for autonomy (Collins and Moore, 1970; Hisrich and Grachev, 1995; Kuratko et al., 1997; Sexton and Bowman, 1985), internal locus of control (Rotter, 1966), persistence (Kourilisky, 1980; Rao, 1979; Sexton and Bowman, 1985), initiative, assertiveness, efficiency orientation, systematic planning and commitment to work (McClelland, 1986) and so on and so forth.

These personality traits were considered by and large inborn. Therefore it was thought that entrepreneurs are born with such characteristics and not made. But enquiries by scholars such McClelland (1961) revealed that these personality traits are present in all individuals in varying degrees and it is the environment that determines whether they make a person an entrepreneur or not. Despite a growing body of literature in the field, there is still lack of unanimity on the question
whether entrepreneurs are born or created. This has led to a debate in entrepreneurship literature about the question whether it is actually possible to teach/train individuals to be entrepreneurs. While there is no consensus among scholars on the question whether entrepreneurs are born or made, training as an intervention has become quite popular both in developed and developing countries (Patel, 1987). Broadly, there are two approaches in entrepreneurship training. They are (1) entrepreneurship based courses as part of curriculum; (2) short term courses for those who possess latent entrepreneurial traits. While the objective of the former is not necessarily enterprise creation, the principal objective of the latter is enterprise creation. There are specialised institutions formed for undertaking training and research in entrepreneurship in most countries of the world (see chapter II). It is increasingly being recognised now that entrepreneurs can be developed through training intervention.

The significance of training intervention for entrepreneurship is more relevant in the context of developing countries for a variety of reasons. The socio-political environment in most developing countries is not conducive for the growth of latent entrepreneurial traits of individuals. A number of social institutions like joint family, matriarchal system of inheritance and caste system hinder the growth of entrepreneurial traits. Industrial sectors in these countries are often dominated by traditional
business communities. Unless conscious attempts are made to develop first generation entrepreneurs from non-business communities and castes, economic spheres in these countries will be dominated by traditional business communities. The infrastructural bottlenecks, poor credit delivery system, archaic and bureaucratic system of administration etc. add to these problems. In such a situation, unless conscious attempts are made to identify individuals with latent entrepreneurial traits, it may not be possible for these countries to achieve greater heights in economic growth and development.

The importance of entrepreneurship development has been well recognised in India as early as 1980 (see chapter II). Entrepreneurship development activities have been institutionalised in the country by establishing a network of institutions exclusively for these activities. Studies have shown that they have achieved considerable success in creating first generation entrepreneurs from non-business communities and castes (Awasthi and Sebastian, 1996\(^{15}\)).

1.2 Statement of the Problem

It is against this backdrop the present study approaches the micro enterprise development activities in Kerala in general and Kollam district in particular. Entrepreneurship literature mentions certain cultural characteristics as congenial/inimical for the growth of entrepreneurship in
a society. Three such dimensions of national culture which are closely associated with entrepreneurship have been identified by Hofstede (1980\textsuperscript{16}). They are ‘individualism/collectivism’, ‘power distance’ and ‘uncertainty avoidance’. It appears that the mainstream culture of Kerala conforms to the dimensions identified by Hofstede, 2004\textsuperscript{17}). Some scholars have argued that the physiographical specificities and settlement pattern of Kerala are not congenial for uncontrolled wealth creation. They hold that if left ideology had an early foothold in Kerala, it is partly because Keralites have imbibed the value of equality which has its root in the famous \textit{Mahabali}\textsuperscript{18} myth (Padmanabhan in Sreekumar and Sajeeve (ed.), 2003\textsuperscript{19}; Sebastian, 2004\textsuperscript{20}).

The often advanced argument that Kerala lacks entrepreneurial resources for historical reasons is not entirely correct. The fact is that individuals with latent entrepreneurial traits exist in all communities in varying proportions. It is the social environment that determines whether these traits are nurtured and developed for enterprise creation or not. With the rise and growth of banking in Travancore and Cochin in the early part of the century, an environment for entrepreneurship was slowly being created in Kerala. But that environment was vitiated by labour problems and a policy environment of 60s and 70s that supported public enterprises as against private enterprise. Finding that calculated risk
taking, the essence of entrepreneurial process is difficult in such an environment, individuals with latent entrepreneurial traits either chose safer options like government job, or less risky options like trading, real estate and constructions. A large number of Malayalee small scale entrepreneurs either chose neighbouring states for setting up their own units or shifted their units from Kerala (Oommen, 1981\textsuperscript{21}).

The industrial backwardness of Kerala has to be understood against this backdrop (see chapter III). It is often argued that being a state with high density of population, Kerala cannot afford large industries. The environment of Kerala does not automatically motivate a person to entrepreneurship unlike industrially developed states like Gujarat which provide the right environment for the development of the entrepreneurial traits in a person. There is a need to make a conscious attempt to nurture entrepreneurship to achieve industrialisation.

Kerala has been ahead of other states in educated unemployment. As per latest estimates, Kerala has over 43.28 lakh educated unemployed registered with the employment exchanges (Economic Review, 2010\textsuperscript{22}). It is extremely difficult for any government to provide employment to all persons, though people generally prefer government jobs. But in an industrially backward state like Kerala, it is difficult for the educated youth who always prefer a government job to identify and
locate viable business opportunities. This means that the state has to provide opportunities and attract the educated unemployed to self employment.

In this context Kerala has to look for entrepreneurship on a big scale. The fact is that Kerala is a state with tremendous opportunities for small enterprises. According to National Sample Survey Organisation's household consumer expenditure survey, Kerala stands top among major Indian states in household consumption. Lion's share of these consumer commodities are imported into the state from other places. The state is rich in capital as shown by the credit-deposit ratio. As on March 2011, Kerala’s credit-deposit ratio is only 72 per cent (Economic Review, 2011). State is the producer of some of the major raw materials like rubber, cashew, coconut, coir, timber, spices etc. The state is exporting a major portion of all these products. This means that the state has all the wherewithal- market, money, manpower and materials- for emerging as an industrial powerhouse. The state seems to lack in only one resource i.e. entrepreneurship.

It is in this context that attempt to popularise entrepreneurship development programmes (EDP) all over the state has to be understood (see chapter II). EDPs sponsored by all India financial institutions like Industrial Development Bank of India (IDBI), Industrial Credit and
Investment Corporation of India (ICICI), Industrial Finance Corporation of India (IFCI) and various nationalised banks have been conducted all over the state from the 1960s and 1970s. Department of Industries and Commerce of government of Kerala also supported such programmes along with some major banks. Hundreds of young women and men have been trained in these programmes. Studies have shown that these programmes achieved modest success in terms of enterprise creation (Awasthi and Sebastian, 1996).

The six week standard EDP model is slowly becoming repetitive and sponsorship for these programmes started to shrink over the years. With the 73rd and 74th Constitutional amendment, the three tier Panchayati Raj institutions were created. With this, the focus of entrepreneurship development activities shifted to local self government level. It was soon realised that micro enterprises are the best option for effective use of local natural and human resources. In 1996, Government of Kerala took the decision to devolve one third of plan resources for the local bodies. This inaugurated the era of Peoples Planning for decentralised development. As a result, local bodies began allocating resources for micro enterprise development training in a big way.

Popularly known as skill development programmes, one major difference between these programmes and conventional EDPs is that in
the former, there is more emphasis on acquisition of specific skills along with entrepreneurship development. Compared to EDPs, these are short term programmes. The major focus of these programmes is self employment and through that poverty alleviation among people below poverty line. Financial assistance is extended to selected trainees under the centrally sponsored schemes like Swarnajayanthi Gram Swarozgar Yojana (SGSY). The effort is mainly on developing group enterprises though if needed, they can also launch individual enterprises.

These programmes have been conducted all over Kerala for the past one and half decades. Scientific studies on such programmes are few and far between. Though these programmes are open to all, they are mainly targeted to people below poverty line. The emphasis is on equipping them with skills and basic facilities for production through government sponsored poverty alleviation programmes like SGSY. Yet there is lack of information on the socio-economic background of these trainees. This question assumes importance in recent times as there is greater emphasis on inclusive development. The caste-community background, educational achievements etc. are aspects that need to be studied (see chapter III).

Since substantial amount of public resources are committed, the impact of these programmes are very significant. The impact could be
looked at from different angles. One way to look at is purely from the point of view of human resource development and the other an enterprise creation activity. It would be unrealistic to expect that all those who join these programmes would launch their ventures. While the inputs of the programme provide the required skills to produce a product and help to develop a number of other soft skills, these alone are not sufficient for enterprise creation. The first comprehensive national evaluation of EDPs noted that several trained entrepreneurs get ‘blocked’ in the process of enterprise creation due to factors like not getting financial assistance and clearances from various agencies (Awasthi and Sebastian, 1996). It is also found that a significant section of trained entrepreneurs take up employment in government or private sector. If MEDPs are viewed as a human resource development activity, this need not be considered a failure. It is expected that the training had an impact on their personality and helped them to develop their own future career. MEDP training provides inputs like achievement motivation, interpersonal skills, systematic planning, information seeking, problem solving skills etc. Such inputs help them to face any situation confidently and also take up challenges in family, society and in the work place. Thus not launching a venture need not be considered as a failure from the individual’s and society’s point of view.
From its long term sustainability, MEDP should be seen based on the number of enterprises created. The type of enterprises created and the kind of product lines selected are equally important. This provides visibility and wider acceptance to these programmes. Society as well as policy makers would like to look at the growth of these enterprises in all respects.

The success of an enterprise depends upon a number of factors and training is only one of them. The third national census of small scale industries found that sickness and closure are highest in Kerala (Narayana, 2003). The process of setting up the unit itself is a time consuming process and only those with patience and considerable staying power could overcome all the teething problems. Many of them are finding it difficult to proceed in the process of setting up the unit itself. Getting various licenses and sanctions are not easy. In this respect the MEDP trainees are receiving support from their trainers and training organisations. However, the problems that an entrepreneur is confronted with after setting up the unit are perhaps more critical than the initial problems. Marketing, managing the working capital, sales on credit etc, are some of the problems a new entrepreneur faces immediately after the commencement of production in his/her enterprise. They need
support and escort services to overcome these problems. It is expected that MEDP training takes care of all these problems.

The findings of the study have important implications for policy. On the basis of the findings, the study puts forth a set of measures that are aimed at addressing the present day problems of micro enterprises.

1.3 Relevance of the Study

Ever since the Peoples Campaign for Decentralisation was started in Kerala in 1996, lot of emphasis has been given for local level development. The three tier Panchayati Raj Institutions have spent lakhs of rupees for training of micro entrepreneurs and giving subsidies and other concessions. An impression has been created that micro enterprises are the solution to Kerala’s industrial backwardness and high level of educated unemployment. MEDPs are justified on this ground. It appears that no serious studies have been done to what extent these efforts have been successful in creating micro enterprises. As a development intervention, the feasibility of micro enterprise development programme needs to be analysed on the basis of facts and figures. On the basis of such analysis appropriate changes may be made in the strategy and approach of MEDPs.
1.4. Specific Objectives of the Study

Based on these, the following specific objectives are framed:

1. To understand the personal and socio-economic characteristics of trainees of micro enterprises;
2. To assess the performance of the micro enterprise development programme in terms of enterprise creation;
3. To assess the financial performance of units promoted by trained micro entrepreneurs;
4. To study the problems faced by micro entrepreneurs in the day to day running of their ventures;
5. To analyse the factors determining the success of micro enterprises in the particular context of Kerala; and,
6. To make policy recommendations on the basis of the findings of the study.

1.5 Scope of the Study

Scope of the study is limited to the state of Kerala and in particular to the district of Kollam. It is confined to the micro enterprises and entrepreneurs who have undergone Micro Enterprise Development Programmes in Kollam district in 2005-06.
1.6 Methodology

The study on micro enterprise development programmes is designed as a descriptive one based on both primary and secondary data and interactions with the key officials involved directly and indirectly with the MEDPs in Kollam district such as officials of Kollam Corporation, Poverty Alleviation Unit and district, block and gram panchayats.

1.7 Primary Data

Primary data have been collected from the micro enterprise trainees of Kollam district through structured interview schedule and discussion.

1.8 Secondary Data

The secondary data required for the study have been collected from the following sources.

- District Industries Centre
- Poverty Alleviation Unit of Kollam district
- Kollam Corporation office
- District, Block and Gram Panchayats
- Publications of the Kerala State Planning Board
1.9 Population

The population of the study is the trainees of micro enterprise development programmes conducted in Kollam district during the period 2005-06.

1.10 Sampling Design

Micro Enterprise Development Programmes have been conducted in all districts of Kerala. However, it is beyond the financial and human capacity of an individual researcher to study the whole state. Theoretically it is possible to arrive at reliable conclusions about the whole state by selecting a scientific sample. Considering the time and cost implications of the study, it has been decided to limit the study to Kollam district of Kerala. The selection of Kollam is determined by the fact that the researcher has been working in Kollam for quite some time and therefore has an in-depth knowledge about the socio-economic profile of the district.

Since the launch of Peoples Planning Campaign, the Gram Panchayat, Block Panchayat and Kollam Corporation have been actively sponsoring MEDPs. As pointed out, majority of these programmes are
product based skill development programmes. The major objective of these programmes is creation and development of micro enterprises. In order to assess the level of success/failure of these programmes, those units which had been in existence at least four years after completing the programme were taken for the study. Therefore it was decided to select samples for the study from the training programmes completed during 2005-06 so that by the time the survey was undertaken, the sample units would have completed 4 years of existence.

As per available information, a total of 1776 candidates have been trained by various Gram Panchayats, Block panchayats and Corporation of Kollam. The product lines selected in most of these programmes are almost similar and vast majority of the trainees were women from families below the poverty line. Stratified random sampling method was adopted to draw samples from areas of Corporation, Block Panchayat and Gram Panchayat. Since there is only One Corporation in the district, Kollam Corporation was selected. One Block Panchayat and one Gram Panchayat were selected at random. They were Vettikkavala Block Panchayat, and Thrikkadavoor Gram Panchayat. Care was taken to see the rural, semi-urban and urban differences in the population. It was found that 432 trainees were trained in these three areas. Kollam Corporation had 238 trainees while Vettikkavala block panchayat had 130 trainees. Thrikkadavoor Gram Panchayat had 64 trainees. In order
to ensure reliability of the study, it was decided to select a sample of 50 per cent of the trainees at random. Therefore, sample selection formula was not considered. Accordingly 216 sample trainees were selected on pro rata basis 120 from Kollam Corporation, 64 from Vettikkavala Block Panchayat and 32 from Thrikkadavoor Gram Panchayat for the study.

1.11 Tools used for Collection of Primary Data

The primary data have been collected using a structured interview schedule developed after surveying the literature and discussions with experts. The opinion of officials of the District Industries Centre, Poverty Alleviation Unit, Kollam Corporation, district, block and gram panchayats were taken through interview guide. The interview schedule was tested through a pilot study.

1.12 Period of Data Collection

Data were collected from the sample during the months of May, June and July 2011. Only 190 candidates could be contacted as 26 candidates were either non-traceable or migrated to other places. Efforts were made to contact them but it did not succeed. The selected sample entirely consisted of women candidates presumably because the majority of MEDPs are women programmes.
1.13 Tools Used for Analysis

The data thus collected have been collated and analysed using appropriate statistical tools and techniques keeping the objectives of the study in view. Simple tools like percentage and ratios were used to process the data. Statistical tools like chi-square test, co-efficient of variation and two-tailed P value were used to test the statistical validity of the findings presented in various tables.

1.14 Scheme of Reporting

The study is organised in seven chapters.

- The first chapter (Introduction) presents the rationale and relevance, scope, objectives and methodology of the study. The chapter also discusses the limitations of the study.

- The rationale of training intervention for entrepreneurship development and its history and development in India was discussed in chapter two.

- The third chapter attempts a detailed enquiry into the backwardness of Kerala in entrepreneurship and the industrial backwardness of the state.

- The personal, socio-economic and educational profile of MEDP trainees in Kollam district were presented in chapter four.
• The fifth chapter analyses the performance of MEDPs in Kollam district in terms of start up, investment, sales turnover and so on. The chapter also attempts a comparison of starters and non-starters.

• The problems being encountered by the owners of micro enterprises in the course of running their ventures were analysed in chapter six with case studies.

• A summary of the major findings and the conclusions and policy recommendations emanating from the study were discussed in seventh chapter.

1.15 Limitations of the Study

A study of this nature involves certain limitations. While considering the findings of the study, these limitations will have to be taken into account.

• This study is based on Kollam district. The selection of Kollam district is based on the principle of convenience sampling as the researcher belongs to Kollam and his knowledge on the socio-economic condition of Kollam district.

• The data collected from the sample trainees are not free from bias. The trainees generally had apprehensions about divulging their
opinion about various aspects of training and the post–programme follow-up. This is quite understandable considering the fact that they did not want to earn the hostility of government officials whom they will have to approach for several purposes.

- The starters might have understated their sales turnover and profit on the fear that the concessions and subsidies will be withdrawn.

- The time lag between the time of training and data collected would have affected the reliability of the information provided by the trainees on aspects like content, quality of the training, etc.

- The opinion of the officials involved in MEDPs cannot be entirely relied upon as they are more likely to present positive aspects about the whole exercise. The organisations/agencies conducting MEDPs also seem to have some bias as these training programmes are the major sources of funding for them.

**Notes and References**


18. According to Kerala mythology, Kerala was once ruled by a king called Mahabali. Ballads in Malayalam language describe him as the king whose rule was marked by perfect equality, justice and complete absence of falsehood, treachery and cheating. God Mahavishnu felt so threatened by the exemplary rule of Mahabali that he decided to end his rule. Pretending as a dwarf (Vamana), he approached Mahabali for three feet of land. Mahabali told him to measure it and take it. All on a sudden Vamana transformed into a huge giant. In just two feet he completed measuring earth and subterranean world and could not find a space for the third feet. Mahabali told him to put the foot on his head. Before being pushed down to the subterranean world, Mahabali prayed for a last wish which was granted. Mahabali’s last wish was to permit him to visit his subjects once in every year. Malayalees celebrate Thiru Onam in commemoration of his annual visit.


