REFERENCES

CHAPTER-III

REVIEW OF LITERATURE
CHAPTER-III
REVIEW OF LITERATURE

An attempt is made in this chapter to review the literature relating to entrepreneurship. Review of literature is an important part of the study and this serves as a background for the researcher to have sound knowledge about the covered and uncovered facts in the previous studies. Some studies have direct relevance to the topic and few have indirect bearing on the study. Some of them are reviewed in this chapter.

Chandawarkar, M.R. and Kulkarni, P.K. (2006)\textsuperscript{lxxxviii} pointed out that small scale industries play an important role in the industrialisation of our country, because they provide immediate large scale employment, need shorter gestation period, need lower investments and facilitate an effective mobilisation of resources of capital and skill which may otherwise be unutilized. They encourage entrepreneurship and are considered harbingers of economic growth and development. But the extent of sickness in small scale industries is a matter of great concern. The Government should create an ambient environment which prevents sickness.

Prakash H. and Devaraj, B.H. (2006)\textsuperscript{lxxxi} stated that entrepreneurs and entrepreneurship are the real agents of any economy of the country right from the inception of production through industries. Entrepreneurs do play a predominant role all the time to sustain and to flourish through economic growth. In this context, adequate encouragement to the new entrepreneurs who are ready to take up the risk without security is to be provided covering them under adequate risk coverage. The importance
and the significance they deserve are not sufficiently given. So, the challenging, dynamic and ever-innovative entrepreneurs are to be recognised and honoured to boost up their morale for the best benefit of the entire universe.

Kamalakannan, K. and Namasivayam, N. (2006) portrayed that the small scale industries in India over the past fifty years have made significant contribution towards building a strong and stable national economy. The SIDBI has been playing an important role by operating various schemes of financial assistance to small scale industries. In order to widen its area of operations, the SIDBI should open more branches in district headquarters. The SIDBI should make efforts to sanction loans in a balanced manner to different states of the country.

Vellaichamy, R. (2006) highlighted that there is a stiff competition for small scale industries under the period of liberalization and evaluated the important step taken by the Government recently in the form of the 24 per cent of foreign equity participation in SSIs. Thus, large-scale units now have an opportunity to participate in small sector. On moving from a protected economy to market oriented economy, some amount of transitional problems seems unavoidable. But during this transitional period, the role of the Government becomes much more important. SSIs in India have found themselves in an intensely competitive environment since 1991. But, at the same time, international and national policy changes have thrown open new opportunities and markets for small industry. The Government should make all efforts to revitalize the SSIs for a rapid development of the country. Unless Indian SSI units continuously upgrade their
technologies it will be difficult for them to withstand international competition arising from liberalization and globalisation.

Bhagmar, M. and Verma, B.L. (2006)\textsuperscript{xcii} pointed out that Entrepreneurship is an important facet of industrial growth and development of a nation. A nation’s ability to generate a steady stream of business opportunities can only come about when its people take up entrepreneurial activities. Entrepreneurs are essentially the engines of growth for a nation. The non-quantifiable secret of successful entrepreneurs is the ability to unleash the imagination and to conceive an overarching vision. The opportunities are there waiting to be discovered. Entrepreneurship needs to take stronger roots where it is most needed—at the village level, where the greatest income-generating opportunities exist.

Jose, K.G. (2005)\textsuperscript{xciii} suggested that there is a need for providing better information besides development of quality infrastructure facilities. The process of globalisation is creating pressures on industrial units to pay more attention to quality, price on delivery considerations rather than to profitability. All these require substantial improvements in technology, organisation and information. The working of the small scale sector in Kerala is progressively generating employment opportunities and contributing positively to economic growth. In this regard, Government must safeguard this sector from sickness as well as from unfair competition from large scale units. The small scale industries should always strive to keep pace with the times. The Government should take up the responsibility of upgrading the managerial skills of the small scale industries and their key officers.
Chinnaiyan, P. and Nandagopal, R. (2005) analysed that small scale industries are viewed increasingly as an important vehicle for meeting both the growth and equity objectives of developing economies. Employment generated by this sector stood at 185.6 lakh, which constitutes 59.8 per cent of the total employment in the organised sector. These units are facing the problem of finance, marketing their products, shortage of raw materials because of high risk perception from the angle of investors and financial agencies and enforcement of multiple laws and procedures. It is suggested that a part from financial documents, selective entrepreneurial traits could also be considered for sanctioning loans. It could also be of help for many as the first generation entrepreneurs who need the institutional support without having their own financial backup.

Rana Bijoy Deb (2004) stated that the experience of developing countries clearly demonstrates that the development of an economy has direct bearing upon expansion of its employment opportunities. Gainful employment of labour with adequate wages not only adds to raise their standard of living but also significantly contributes by way of increased capital formation and creates demands for goods and services which further pave the way for employment of surplus labour through productive channels. It also promotes the national income that is taxed to pay for public services, which again boost the standard of living. Rural based industrial units have proved to be more efficient in generation of employment than their urban counterparts in many respects. Inspite of various constraints, which stand on their way in utilising plant capacities, the rural units
are able to generate more employment with less use of capital as compared to their urban counterparts.

Vasant Desai (2003)xcvi pointed out that the entrepreneurial development of management has come to be recognised globally as the key to rapid and sustainable development as well as welfare and progress of mankind. More so, it is the entrepreneurs who have been largely instrumental in forming a strong link between agriculture and industry. Successful new business ventures and economic development do not just happen. They are the result of the combination of right environment, planning, effort, and innovation. And this right mix can only be achieved by the entrepreneurs. They provide a clear blue print for stimulating research, technology, finance to help promote matured enterprises. The factors contributing to economic development are labour, technology, natural resources, capital and entrepreneurship. Entrepreneur as an innovator and co-ordinator will contribute to the economic development of the country.

Jayshree Suresh (2002)xcvii highlighted that our future lies in entrepreneurship. The unique characteristics of our country are huge population, vast country, dependence on agriculture and its allied operations in rural areas, high unemployment and under employment among educated youth, low levels of literacy, diversity in religion, culture, long history, rich resources and multiplicity of language. People of our country are intelligent and talented. However, they need to be encouraged and supported by Government policies and programmes. They should be provided with opportunities, given confidence and courage to be on their own. India needs entrepreneurs of different
types and in large numbers. Growth in entrepreneurship will accelerate economic growth. The need of the hour in our country is to develop entrepreneurs. The emergence and development of entrepreneurship are not spontaneous, but be dependent on several factors. The factors influencing the emergence of entrepreneurship are internal, external, economic and non-economic. All these factors need to be developed in India by Government and non-Government organisations.

Khanka, S.S., (2002) expressed that the emergence and development of entrepreneurship is not a spontaneous one but a dependent phenomenon of economic, social, political, psychological factors often characterised as supporting conditions to entrepreneurship development. These conditions may have both positive and negative influences on the emergence of entrepreneurship. Positive influences constitute facilitating and conditions for the emergence of entrepreneurship, whereas negative influences create inhibiting milieu to the emergence of entrepreneurship. Entrepreneurship does not emerge and develop automatically and spontaneously. Its emergence and development depend upon the availability of certain factors. These factors are economic and non-economic factors. The Government actions also influence the emergence and development of entrepreneurship in a country.

Vasant Desai (2002) indicates that small scale industry is widely recognized as a powerful instrument for socio-economic growth and balanced sectoral development. One of the distinctive characteristics of small scale sector is that the development of these industries would create broader employment opportunities, assist in entrepreneurship and
skills development, and ensure better use of scarce financial resources and appropriate technology. In the Indian economy, Cottage and Small scale industries have a significant role to play. With increasing pace of industrialisation and sophistication of the large scale industries, a new orientation is inevitable in the relationship of the small scale industries with the large and medium industries. This relationship calls for integration of the production methods, upgradation of the qualities of production, etc.

Vasant Desai (2001) stated that the aim of entrepreneurial development programmes in India should not be to treat the small entrepreneurs as small, but to help the more promising and efficient ones among them to grow big. This would mobilise the productive resources of the country, contain the monopoly of a few large enterprises and increase income, profits and employment. The objective is to accelerate the process of innovative entrepreneurial development in the country. The study revealed that the choice of organisation also depends on the entrepreneurial skills and vision. Choice of a proper organisation is by and large influenced by the socio-cultural norms and the prevailing environment. The form of organisation chosen influences the success or failure of the enterprise.

Haynes, W. (1999) portrayed that the small scale sector has grown rapidly since independence. This sector consists of manufacturing, processing and service activities which are carried on with relatively simple tools and techniques. The small-scale sector plays a dominant role in the Indian economy in terms of employment and growth inspite
of tough competition from the large sector. Despite its great importance in the Indian economy, many and varied are the problems facing the small scale sector depending upon the nature of the industry. Finance is considered to be the cause and effect of several problems in most of the cases. Thus, the problem of finance is vitally related to the problems of production, technical and managerial competence and marketing. Non-availability of timely finance has been the root cause of all the problems. Therefore, all those concerned with the growth and working of small scale industry should focus their attention to solving the problems of small scale industry.

Vijayalakshmi.S. and Jeyakumar.M (1997) found in their study that in engineering industry, non-institutional credit support has influenced negatively all the performance indicators. Simplification of rules and formalities in lending procedures of institutional finance would discourage entrepreneurs going for non-institutional sources where the interest rates are high. Further, entrepreneur compensation ratio has emerged as an important variable influencing ability positively in engineering industries. It implies entrepreneurs who have employed skilled workers and paid relatively higher wages have shown higher ability. Thus, to generate more employment opportunities especially for skilled workers who in turn can promote performance of entrepreneurial activity small scale industry may be assisted by adequate institutional finance. This could go a long way in providing self employment and also in generating employment opportunities for skilled workers.
Brimmer’s (1995) study was an appraisal of the role of an industrial organization known as the managing agency system, which was formed by British and Indian entrepreneurship to overcome limitations imposed by their lack of capital and business ability. Though the system played a major role in the entrepreneurial development, it led to certain illegal acts by its agents. However, he felt that abolition of the system was not a good remedy to check those acts.

Soundarapandian’s (1991) study revealed that the overall growth of sample small units selected for the study depended largely on the contribution of individual components such as venture capital, fixed assets, working capital, employment generation, consumption of raw materials, power consumption, value of production, sales volume, profit earned and product mix. All the components were interdependent and the growth was the outcome of the combined contribution of all these components.

Mishra (1990) detailed that the biggest obstacle to progress in India and particularly developing states are deemed to be the limited aspirations of their people. Ambitions and aspirations motivate men, broaden their vision and make the life meaningful. Ambition is an index of one’s own resourcefulness. Like an individual, nations or families may have their own ambitions builds-up achievement perseverance at varying levels. Need for achievement plays a vital role in promoting economic growth. Therefore, it is necessary to induce achievement motivation in adults since un-induced achievement motivation results in long waiting before it bears fruit. The entrepreneur’s
family members play a useful role though limited, in giving shape to entrepreneur’s ambitions.

Sami Uddin (1990)\textsuperscript{cv} stated that industrial development of any region is the outcome of purposeful human activity and entrepreneurial thrust. The success of entrepreneur depends on environmental factors such as, economic, social, cultural, political, legal and technological. These factors influence the entrepreneurial behaviour and operation of business. Therefore, infrastructures have to be developed to cultivate the quality of leadership among potential enterprising young man. Development of business ‘enterprise’ is a complex problem which is influenced by both the external and internal factors. Internal factors originate in the policies and the attitudes of the ‘enterprise’ themselves in managing their business. Such internal factors are arising from internal policies and are amenable to timely adoption to the changed business conditions. External factors are beyond the control of the business ‘entrepreneur’. They account for predictability of return and risk assumed by the ‘entrepreneurs’.

Taub and Doris (1989)\textsuperscript{cvi} pointed out that 192 owners of small scale industries whom they surveyed in Orissa, Tamilnadu and Punjab varied widely in their skills, interests, and the types of enterprises they owned. Well-educated sons of wealthy families and uneducated off springs of the poor, produced the most sophisticated goods.

Bisht, (1989)\textsuperscript{cvii} stated that most of the entrepreneurs started their enterprises on their own initiative and were motivated by their familiarity with the industry, and expectation of high profits which guided them in choosing the lines of manufacture.
Richard P. Tallb and Doris L. Taub, (1989) brought out the fact that the opportunity structure in India has expanded dramatically since Independence. The Government of India has invested vast resources in altering the landscape and consequently in altering economic possibilities. The quantity of entrepreneurship in a society is not fixed. People are opportunity seekers. Accordingly, new information about what is possible, changing systems of constraint, fluctuations in resource availability and shifts in the psychological climate that generate either optimism or pessimism all influence the expansion and contraction of economic activities.

Bevvn Murthy, Chandrasekar, M., and GAngadara Rao (1988) assessed that different countries are at varying levels of economic development because the people of these nations were placed in different socio-economic setting and different attitudes. The main source of India’s weakness lies in the human factor. The main defect is not in innate abilities or technical skills in her people but it is the lack of initiative or interest in improving their economic status. The emergence of entrepreneurship as the Panacea for the economic Maladjustment prevalent in different sections of the society has recently gained accelerated momentum.

Durairaj, N., and Sondara Nageswaran, M., (1988) estimated that the availability of conducive infrastructure, prior identification of the product, possession of administrative and technical knowledge are the prime reasons for choosing the industrial units. The study found that the entrepreneurs are self motivated and the availability of suitable infrastructure factors them to become entrepreneurs.
E.W. Nafziger, (1988)\textsuperscript{cx} in his study on small industrial entrepreneurship in Visakhapatnam revealed that a highly disproportional number of entrepreneur’s were from twice-born (high) castes and from families with a high economic status. He found that socio-cultural features of the traditional Indian Society no longer stood in the way of development of modern entrepreneurship even in comparatively backward area like Visakhapatnam. Education, work experience training and access to capital were found to be the significant determinants of entrepreneurial progress.

In the study of entrepreneurship development under the Programme of Training Rural Youth for self-employment (TRYSEM), Anuradha Prasad (1988)\textsuperscript{cxi} found that entrepreneurs were from varied socio-economic backward and individuals with lower socio-economic background had a higher discrepancy between their aspirations and achievement than individuals from a higher social status. The study also suggested that in selecting candidates for an Entrepreneurship Development Programme, preference might be given to those having experience in trade, professional education, family resources and financial support.

D.K. Taknet (1986)\textsuperscript{cxii} in his study of Shekhawati Murwari Entrepreneurs, analysed the role played by the Murwaris and developing entrepreneurship in India. He found that basically there was something unique in the topography, climate, geographical conditions and historical background of the culture of Shekhavati Marwar’s that led to industrial entrepreneurship of the highest order. Behind a successful Marwari entrepreneur, there was a group of persons who had tact, patience, sagacity and power of
observation, determination and planning for the future. The entrepreneur himself was
good judge of human behaviour and possessed qualities of leadership. The entrepreneur
was found to posses the courage to treat the traditional ways.

Bernard Wong (1987) studied the social background of entrepreneurs engaged
in Chinese Garment factories in New York City and found that the often assumed in
compatibility of traditional values personatism, familism, and informal social relation’s
which prevail in the enclave economy were important assets for the entrepreneurial
pursuits of Chinese in the ethnic enclave in New York City. The skilled use of non-
economic resources was vital in the establishment of the efficient industries. Ethnic
resources and proper management of ethnic/cultural resources were the key to the
entrepreneurial pursuits of ethnic business mans.

In his analysis of the relationship between the social background of entrepreneurs
and the emergence of entrepreneurship, Hadimani (1985) identified the factors such as
caste and Kinship network, joint family background and access to political support, apart
from many economic factors such as organizing ability, risk taking ability,
innovativeness, achievement motivation, business ethic business talents, knowledge of
special techniques, training or experience in entrepreneurial tasks and economic ability as
the key determinants of entrepreneurial performance and success.

Sheobahal Singh (1985) attempted to study the relation between
entrepreneurship and social chance in a study and found that the modernization and social
change were the direct and logical consequence of entrepreneurial development in the
particular social segment. Thus, the entrepreneurship development might be both the consequence and the cause of social change.

In entrepreneurship studies, various ratios such as i) Net profit to total investment, ii) net profit to sales, iii) inventory to sales, iv) working capital to turn-over and v) amount of profit reinvested to net profit have been used to measure entrepreneurial performance by Pratab Reddy (1985)\textsuperscript{cxvi}. As a basic objective of any business activity is to earn a satisfactory return on the capital, the ratio of net profit to total investment (profit rate) has been used as an indicator in the studies made by Lakshmana Rao (1986)\textsuperscript{cxvii}, Thangamuthu and Manimekalai (1989)\textsuperscript{cxviii} and Padmanabhan (1990)\textsuperscript{cxix}.

Patel (1985)\textsuperscript{cxx} found that in India 40 per cent of the entrepreneurs were from the traders background, 30 per cent from service, 10 per cent were fresh graduates/engineers, 10 per cent were from self-employed professionals and the rest 10 per cent came from artisans, unemployed farmers and the like. Therefore the study revealed that 60 per cent of the entrepreneurs did not have a business background.

Khan (1985)\textsuperscript{cxxi} concluded that in the long run economic growth is more likely to be determined by motivation, attitudes and skills of local entrepreneurs than by any other support factors.

Thangamuthu and Iyyampillai (1983)\textsuperscript{cxii} in their study observed that: the new generations of entrepreneur have gained very little from their own family background, particularly education and occupational attainments of their parents have not contributed much for their entrepreneurial achievements. The extended family relations and caste
connections have, however, facilitated the emergence of entrepreneurs and concentrations of entrepreneurship within certain caste groups. The field experience, rather than formal education and training has conditioned the emergence of entrepreneurs. The study suggested that if public policy is directed properly, it may bring the entrepreneurs from diverse socio-cultural group.

Drucker (1984)\textsuperscript{cxxiii} found that many became entrepreneurs only after they had acquired managerial experience in a large scale organization. The collaborative research studies on psychological, economic and social profiles of 2,594 Asian entrepreneurs belonging to Malaysia, Bangladesh, Korea, Thailand, Philippines, Hong-Kong and India (Northern and North-Eastern regions) were carried out under the sponsorship of the Association of Development Research and Training Institutes of Asia and Pacific (ADIPA) to identify the sources of entrepreneurship development.

According to Upadhya (1983)\textsuperscript{cxxiv} the success of an entrepreneur was due to incentives offered by the development agencies, family upbringing from particular caste and craft, providing attention to financial function and formal education.

Bhattacharaya (1983)\textsuperscript{cxxv} studied the industrial and agricultural entrepreneurs of Southeast Asian countries, like Brunei, Cambodia, Indonesia, India, Laos, Malaysia, Vietnam, Singapore, S. Vietnam, Philippines and Thailand. He developed a model of entrepreneurial development for these countries. However, he declared that the model itself would not do miracles, unless followed by a sustained Herculean effort to solve the numerous gigantic and deep–rooted problems.
Regarding entrepreneurship in Pakistan, Araft (1984)\textsuperscript{cxxvi} pointed out that the decentralization of management practices, dispersal of location family support, competitive spirit, and change in motives from profit to patriotism and independence accounted for the success of entrepreneurs.

Subbi Reddy and Sobha Reddy (1985)\textsuperscript{cxxvii} made a study on the successful entrepreneurship in Karnool district. They have drawn the following conclusions: The reasons for high entrepreneurial success are: Having the age of 50 years; having technical education; hailing from agricultural family background; making investment to the tune of more than rupees ten lakhs; having previous experience in service and in limited company type of ownership.

Louis (1982)\textsuperscript{cxxviii} intensively analysed the impact of economic factors in the growth of entrepreneurship in his study on “Industrial Entrepreneurship in Coimbatore District of Tamilnadu” and observed that the larger the size of the unit, the more the capital intensive technique was employed; and the smaller the size, the more the labour intensive technique was used. Value added, wage and surplus per worker were higher with large units than others. Similarly, value added to total assets and surplus to total assets were higher with most of the types of industries with large units than others. The percentage of units that had grown at higher rates was greater in large size than in the small and medium size units.
Sharma (1980)\textsuperscript{cxxix} stated that one of the reasons for the failure of small entrepreneurs in Uttar Pradesh was that most of them were not local entrepreneurs and hence they did not have links with the political system.

Voorhis (1980)\textsuperscript{cxxx} stated that entrepreneur was usually the oldest child in the family. He further stated that entrepreneurs were men and the most successful ones had very supportive wives; most technical entrepreneurs had earned master’s degree and had a good relationship with their fathers.

Thanulinga Nadar (1982)\textsuperscript{cxxxii} stated that the factors which influenced the entrepreneurial development were: previous occupation in industry, favourable demand for their products, location near the residence of the entrepreneurs, initial capital up to Rs.10,000, education up to S.S.L.C. and previous employment as a worker in large scale units.

Desphande (1982)\textsuperscript{cxxxii} observed that the political system was responsible for dormancy of entrepreneurship. Financial help from family and father’s occupational status were significantly related to entry. Industrial entrepreneurship was a result of collective ambitions and aspirations of the family.

Bhanusali (1981)\textsuperscript{cxxxiii}, while analyzing the relationship between social background and the emergence of entrepreneurship found that the persons from minority and marginal groups trained in the art of engineering and having long contact with engineering industry had better capabilities to achieve success status.
M.U. Deshpande (1982)\textsuperscript{cxxxiv} studied the small industries of Marathwada region and found Government policies, the upper strata of societies, social and political leadership, occupational background, family aspirations and general infrastructure as the important factors for the development of entrepreneurship.

K.N. Sharma (1980)\textsuperscript{cxxxv} explained the process entrepreneurial spread by analyzing the differential responses of the social groups to the opportunities provided by the them Colonial Government of the British. He found that the Pursis gave a lead to industrial activity because their value system did not restrain them from developing contacts with the British, while Hindu Business Communities who were natively less close to them in the beginning owing to their religious values lagged behind because they were hostile to the British and the latter were suspicious of the former. Thus, different religious social groups were found to respond differently given a particular political climate.

In their study on “Entrepreneurial Growth and Development Programmes in Northern India”, K.L. Sharma and H. Singh (1980)\textsuperscript{cxxxvi} found that the entrepreneurs were not optimistic about the consultancy services of the Government agencies, for they were not efficient and quick in their operation. Some of the important factors responsible for better entrepreneurial performance included better industrial climates, performance included better industrial climates, tool-room facilities, equitable distribution of raw materials, availability of electricity. Conversely, the adverse Government policies were found to be the factors responsible for the poor performance of entrepreneurs.
Sharma (1980)\textsuperscript{cxxxvii} found that the smaller old families had performed better than both new families and established industrial houses. Entrepreneurs from non-business background succeeded better than those with business background. This might be due to the fact that the former were more cautious and calculating. They carried out a more thorough examination of prospects due to lack of market experience. They started relatively smaller-sized projects involving risks of failure. New families performed better in the modern sector than in the traditional sector. People with technical knowledge relevant to the industry concerned, launched their enterprises exclusively in the modern sector.

An attempt was made by Rahamun (1979)\textsuperscript{cxxxviii} in his study on Entrepreneurship and Small Enterprise Development in Bangladesh”, to study the influence of economic factors on the growth of entrepreneurship. The study showed that the availability of raw materials, human resources and vast domestic employment opportunities are essential for the growth of entrepreneurship. Top priority was given to the entrepreneurs in relating the product. The major problems identified were shortage of inputs and marketing support, shortage of finance particularly working capital, high prices of raw materials and non-availability of better substitutes for finished products, inefficient management and others.

Ramakrishnan’s (1975)\textsuperscript{cxxxix} study revealed that social, occupational background of the entrepreneurship and educations were responsible for the growth of entrepreneurship.
Mafziger (1975)\textsuperscript{cxl} arrived at two conclusions: Firstly twice born castes and rich families succeeded as entrepreneurship due to education, work experience, access to capital and availability of Government assistance. Secondly, socio-economic status of businessmen was generally higher than that of the general population in the non-socialistic countries.

Hammid (1974)\textsuperscript{cxli} interviewed 430 business executives in Sudan and reported a positive association between education and entrepreneurship.

Sharma (1975)\textsuperscript{cxlii} concluded that persons who came from non-business, non-industrial background had higher degree of entrepreneurial orientation and commitment than the entrepreneurs who came from the business families.

Mars (1975)\textsuperscript{cxliii} in his study came to the conclusion that families with no lands or less lands operated small workshops in small towns; landed families showed a relatively higher level of entrepreneurship in medium towns; and cosmopolitan families or families pursuing white collar jobs and profession began emerging as small capitalists in large towns.

In his study on business–oriented and production-oriented entrepreneurship, Veen (1976)\textsuperscript{cxliv} pointed out that the former were doing better than the latter in their venture. Import substitution strategy further favoured the factors accounting for their success.

Sharma’s (1978)\textsuperscript{cxlv} study revealed that those who had neither business / industrial background before entering into manufacturing had higher degree of motivation than those coming from business/ industrial families.
Tandon (1975)\textsuperscript{cxlvii} stated that the rate of entrepreneurial change was a function of human factor and one could bring about a change in the effectiveness of an enterprise by improving the human factor.

Owens (1972)\textsuperscript{cxlvii} found that the traditionally cultivating Mahisyas in the vicinity had emerged as entrepreneurs and workers in the industry. The shift of Mahisyas was a gradual one over several generations and was due to some environmental factors such as urbanization and intensity of occupational mobility owning to educational amenities in the area. He also showed how youngsters were inducted into the industry and how their educational advancement helped them to expand and modernize their family firms.

Nandi (1973)\textsuperscript{cxlviii} observed that while some necessary traits of good entrepreneurs were generally found in all regions and cultures, some other traits varied from region to region and culture to culture in their importance.

Pubjab Bhatia (1974)\textsuperscript{cxlix} came out with the conclusion that people from various castes and occupations participated in manufacturing sector and succeeded in it. Capital and experience in trading were reported to have accounted for their transition and success.

James J., Berna (1975)\textsuperscript{cl} in his classic study on “Industrial Entrepreneurship in Madras in Madras State”, examined the occupational and socio-economic background of the entrepreneurs, the origin and growth of their firms, the operational problems of entrepreneurs. He discovered that traditional occupation and caste have very little impact in determining entry into entrepreneurial endeavours. His study reveals the medium sized
firms have mostly grown from small beginnings, many even from very small repair and odd-job shops. Also, the entrepreneurs responsible for this growth have come from a wide range of social and economic backgrounds.

A descriptive and diagnostic study of Madurai City, by the Gandhigram Rural Institute of Higher Education (1975)\textsuperscript{cli} observes four attributes of the small entrepreneur in Madurai City as: credit oriented pre-planning to realize aspirations; dependency; initiative – innovativeness plus a need achievement, and moderate traditionalism with occasional risk-shifting.

While many of the abovementioned studies have dealt with some aspects of the entrepreneurship of the small scale industries, the nature of favourable consultation of external factors imitating the process of entrepreneurship and the compatible pre-conditions for the entrepreneurial development along with the appropriateness of entrepreneurs strategy in respect of cotton textile and engineering industries has not been done by them. This research fills this gap and undertakes the study of these aspects.