CHAPTER 3  
LITERATURE REVIEW

3.1 Introduction

The present chapter gives a detailed account of literature reviewed as part of the study. The studies conducted prior to 1980, even though reviewed, were not included as part of this chapter. Due to its multidimensional nature, the studies pertaining to different aspects of entrepreneurship are systematically classified and presented in chronological order.

The various literatures reviewed are presented under the following heads.

I. Studies on regional influences (demographic and socio-economic factors) on entrepreneurship

II. Studies on factors determining small business success

III. Studies on entrepreneurial motives

3.2 Studies on Regional Influences (Socio-Economic Factors) on MSME Entrepreneurship

1. Economist (2015) magazine reports that national economic data tend to hide regional differences. In Italy, there is a deeper divide between the northern and southern regions. During 2001-13 the northern and central Italy grew at only 2 per cent whereas the southern economy has grew by seven per cent. Employment in the south is at 40 per cent as against 64 per cent in the north. The share of the northern and southern families living in absolute poverty grew from 3.3 per cent and 5.8 per cent respectively in 2007, to 5.8 per cent and 12.6 per cent in 2013. Thus, it shows that there is regional difference in growth in Italy.

2. Shetty (2015) has found that regional disparity in industrial development exist in India. Since independence, states like Karnataka, Andhra Pradesh, Kerala, Gujarat, Punjab and Haryana have achieved considerable development in its industrial sector. However, West Bengal could not grow industrially as the other industrially developed states. ‘The country as a whole has achieved
industrial development at a fair rate since independence but the spatial distribution of such industrial development between different states remained almost uneven. The five major industrial states of India, i.e., Maharashtra, Tamil Nadu, Gujarat, West Bengal and Andhra Pradesh jointly accounted 40 per cent of total location of all large factories, 55 per cent of total industrial employment, 59 per cent of total industrial output and 58 per cent of value-added… In respect of small-scale industries, there has been a considerable concentration of such industrial unit in these five major industrially advanced states’. She has found that due to repeated efforts of the government to disperse such concentration, the degree of such concentration has been declining gradually.

3. Civil War Trust in its article ‘North and South: Different Cultures, Same Country’ (2014), shows that in America 75 per cent of the wealth, 92 per cent of iron / ore production, 68 per cent of the value of export and 85 per cent of the factories are in the southern region as against only 25 per cent, 8 per cent, 32 per cent and 15 per cent respectively in the northern region. It shows that internationally, the regional difference in respect economic performance is a reality.

4. Kurian (2015) has observed that disparities in economic and social development across the regions and intra-regional disparities among different segments of the society have been the major planks for adopting planning process in India since independence.

5. Premavalli (2012) has found that difficulty in getting license from local bodies, poor training facilities, unavailability of labour, difficulties to get power connection and bank credit etc., are some of the major problems faced by entrepreneurs in northern Malabar. She observes that many entrepreneurs were not aware of the measures available for development of skill in employees, provision for technological upgradation, marketing assistance etc.

6. ‘Report of the Working Group on MSME Growth for 12th Five Year Plan 2012-17’ (2012) has commented that absence of equity support for MSME
sector inhibits their growth. There is an urgent need to enhance access to finance through alternative sources of capital such as private equity, venture capital and angel funds. In order to promote MSMEs, along with fiscal incentives like tax concessions, aggressive market interventions also are needed. The Report has also commented that maintenance of Industrial Estates (maintenance of roads, drainage, sewage, power distribution and captive power generation, water supply, dormitories for workers, common effluent treatment plants, common facilities, security, etc.) is a critical component for successful functioning of the industrial enterprises in any industrial estate / industrial area.

7. OECD (2011), in its report states that regional differences in respect of per capita gross domestic product within countries are very high. The emerging economies like China, Russian Federation, India and Brazil have displayed disparity in per capita GDP in 2007. During 1995-2007 regional disparities increased in 19 out of 31 countries considered. The economic output differences can be attributed to disparities in productivity and in the utilisation of the available labour force.

8. Thornton et al. (2011) points out that the institutional approach is the apt framework to develop future research in order to analyse influence of socio-cultural factors on decision to create new businesses. They argue that institutional perspective considers both cultural and social relations.

9. Bagchi (2011) comments that “India’s successive Five Year Plans have stressed the need to develop backward regions of the country… In spite of pro-backward areas policies and programmes, considerable economic and social inequalities exist among different States of India, as reflected in differences in per capita state domestic product. While income growth performance has diverged, there is welcome evidence of some convergence in education and health indicators across the states”.

10. Latha (2010) has found that majority of entrepreneurs has support from their family members to start own ventures. They were not aware about training programmes. The problems faced by entrepreneurs include high cost of raw materials, shortage of fixed capital, uncertainty of power and ineffective
consultancy service provided by government. She suggests, inter alia, to have supportive education system, family support, coordination of various government schemes etc.

11. Aworemi et al. (2010) found that socio-economic characteristics such as gender, age, educational qualification etc. exert a significant influence on the performance and productivity of small-scale entrepreneurs.

12. Bal and Judge (2010) have found that among rural and urban scheduled castes in Punjab there is uneven distribution of entrepreneurial activities. This calls for policy making for encouraging entrepreneurship as a means to achieve equality for SCs in Punjab.

13. Meek et al. (2010) found that state-sponsored incentives and norms of family interdependence influence new firm entry.

14. Wang and Costello (2009) have found that among the SMEs, innovation intensity is dependent upon the availability and sufficiency of financial and human resources.

15. Gadar and Yunus (2009) has found the majority of the entrepreneurs have secondary qualification, while others had university graduation and primary education. Not all of the respondents came from entrepreneurs’ family. They found that the entrepreneur’s income is correlated very weak with both education and experience levels. There was no correlation between entrepreneurial income and age factor. The entrepreneur’s income differed significantly according to experience and education.

16. Suganthi (2009) has found that the married women having only school studies had undertaken sole entrepreneurship in service sector at the age ranging between 26-30 years. The analysis has shown a significant influence of investment, experience, profit and turnover over the financial sources and knowledge of technical know-how. It also found that profit, technical skill possessed, previous experience and family member's advice are the motivating factors of women entrepreneurs in the SMEs. Unmarried and separated women entrepreneurs are motivated by profit potential and technical skill possessed by
them. However, the decision of married women entrepreneur is based on the family member's advice and previous association.

17. Bosma, Schutjens and Suddle (2008) have found that the observed regional differences in levels of early-stage entrepreneurial activity can to a large extent be explained by the individual characteristics.

18. Baumol (2008) states that institutions are important to entice entrepreneurs away from their previous unproductive activities and lead them into innovative productive undertakings.

19. Philip (2008) has found that most of the entrepreneurs initiate their career as small proprietors and eventually as they grow in size some may prefer to assume corporate shape. The research and development investments, even when meager, has significant influence in decisions relating to strategy formation, conformance to product quality and boosting morale of employees.

20. Stam (2007) found that even high growth firms tend to stick to their home region. According to him, the reason to start a new firm in the home-region is the lack of financial resources and the decision to limit risks.

21. Lafuente, Vaillant and Rialp (2007) have indicated that there is a significant difference in the influence of entrepreneurial role models upon the different entrepreneurial decisions. The presence of entrepreneurial role models had a positive influence on entrepreneurship development. Self-confidence in entrepreneurial skills appeared as a statistically significant factor influencing all stages of the entrepreneurial process.

22. Nair and Pandey (2006) have stated there is no evidence that religion has an impact on entrepreneurship. The religious community to which one belongs to has not impacted the decision to enter into entrepreneurial pursuits or succeeding in them. The more economically better-off a family, the greater is the chance of its entering into entrepreneurial ventures and succeeding in them. As for age, the evidence broadly suggests that maturity in terms of age favoured success in entrepreneurial ventures. Both technical education / training and work experience in a similar or related field favourably affect
entrepreneurship. Thus, they concluded that economic status of the family, age, technical education/training and work experience in a similar or related field seem to favour entrepreneurship.

23. Parimaladevi et al. (2006) found that the most important factors influencing establishment of agribusiness units are attitude towards self-employment, entrepreneurial ability and self-confidence. Gender-related variations were also significant with regard to attitude towards self-employment, decision making ability and information seeking behaviour. Agribusiness training programmes should, therefore, focus on changes in attitude towards self-employment, develop entrepreneurial ability and enhance self-confidence of the trainees, which in turn, will promote successful agribusiness ventures.

24. The ‘Internal Group to Review Guidelines on Credit Flow to SME’ (2005) appointed by Reserve Bank of India, commented that domestic banks may continue to fix targets for themselves for disbursement to SSI Sector during a year. However, they may so fix the targets as to reflect a higher disbursement over the immediately preceding year. Similarly, banks may also set targets for themselves for financing of Medium Enterprises. In order to avoid crowding out effect the existing sub-targets of 40 per cent and 20 per cent to the tiny and small sectors respectively may continue. The Group further suggests that ‘banks may open specialised SME branches in identified clusters/centres with preponderance of Medium Enterprises to enable the SME entrepreneurs to have easy access to the bank credit and to equip bank personnel to develop requisite expertise’.

25. Khan et al. (2005) have found that the background factors like strong education and training facilities, desire to achieve, hard work, and risk orientation of the entrepreneur etc., influence the success of entrepreneurs. Also, the socio-economic factors such as uniform commercial law, lesser regulations, encouragement and support from society and family, adequate banking facilities and availability of credit, social status and free trade with limited tariffs, enterprise zone, available technology, and strong
telecommunication and distribution networks etc., are also important for creating entrepreneurs.

26. Narain et al. (2005) found that with respect to overall socio-economic status, Kollam, Thrissur and Kannur districts are better developed in comparison to other districts. Idukki, Wayanad and Kasaragod districts are low developed. They suggested that special care should be taken for implementing the developmental programmes in these districts. Kollam, Kottayam, Idukki, Palakkad and Kannur districts are better developed in agricultural sector whereas Thiruvananthapuram, Kollam and Ernakulam districts are better developed in industrial sector. Pathanamthitta, Thrissur and Kannur districts have better infrastructural facilities.

27. Rahman and Das (2005) comment that misuse of political power is responsible for imperfect market. As a result, genuine entrepreneurs are under-privileged in terms of inaccessibility to certain business. Government, NGOs and International development agencies need to take proper steps to facilitate entrepreneurship.

28. Rice and Venables (2004), found that economic geography, skill differences and educational qualifications of the local workforce cause differences in productivity across Britain.

29. Audretsch and Keilbach (2004) conclude that those regions with a greater amount of entrepreneurial activity also have a greater degree of diversity, which should result in higher rates of growth.

30. Chawla, Batra and Amour (2004) comment that financing the SMEs is an economic necessity. Hence, governments should consider SME financing as a major issue in its policy formulations.

31. Martin (2004) reveals that successful entrepreneurs have attained better growth by improving the level of investment and earning. The study shows that the unsuccessful entrepreneurs are not maintaining a balanced approach and not continuously engaged in accomplishing tasks.
32. Emran (2003) comments that existing system of education is not sufficient to equip and prepare female students to become entrepreneurs. Majority of entrepreneurs (70.6 per cent), have started their unit without any previous experience. Delay in getting loans and lack of securities to offer for bank loans compel them to borrow from money lenders.

33. Rao (2003) revealed that there is a significant positive relationship between use of consultancy and perceived enterprise performance. He concludes that there is positive and direct relationship between use of consultancy and managerial competency of owner managers. Majority of the entrepreneurs were using the services of chartered accountants as their mentors.

34. Panda (2004) revealed that migrated entrepreneurs had higher education and previous occupation in government service and business.

35. George and David (2003) in their study found that weak information infrastructure, just like weak transport infrastructure, can reduce attractiveness of merchandise trade in particular areas.

36. Roni (2003) comments that the growth of entrepreneurship results from certain environmental conditions and some economic factor inputs. The interest is so high that people find it unattractive to borrow money. The labour cost is the most important determinant of entrepreneurial decision. He observed that the socio-cultural environment has a far-reaching effect upon the entrepreneurs. Positive result in people who are willing to assume entrepreneurial activities and the negative environment will be in the opposite directions. Entrepreneurs can emerge form socially marginal groups, like religious culture, ethnic or migrant minority.

37. Supriya and Srinath (2003) state that the entrepreneurs were tired of their struggle. While they had got into business with tremendous sense of self-worth, over the years there had been erosion. Thus, the study suggests the need to restore the sense of self-worth.
38. Kar (2002) found that the business traits and ownership patterns influence demand and supply of credit. He comments that the need for credit increases with increase in investment requirement and scale of operation.

39. Kalyani and Chandralekha (2002) reveal that various socio-economic and demographic characteristics have significant impact on involvement of women entrepreneurs in their enterprise management.

40. Panda (2002) reveals that there are associations between the success levels of an enterprise with factors like technical education of the entrepreneur, occupational background of parents, previous background of the entrepreneur and capability to arrange working capital.

41. Subramanya et al. (2002) revealed that a significant number of small firms have followed the practice of incremental innovations in their firms so that product quality was improved. Technical efforts and product design was changed to suit market needs.

42. Rajendran et al. (2002) brings out the demographic and social conditioning among potential engineers. The study comments that people with similar background possess similar underlying characteristics.

43. Mathew (2001) concludes that international experience does not imply possibilities of their replication in Indian contexts. An Indian model needs to be developed considering the country’s socio-economic characteristics.

44. Hasan and Rahman (2001) comment that access to finance is the major problem faced by SMEs. They found that commercially lending institutions ignores the financial requirements of the SMEs primarily due to their weakness in offering fixed assets in the form of collaterals.

45. Swedberg (2000) in his paper on ‘Entrepreneurship: The Social Science View’ has commented that entrepreneurship is a socio-economic phenomenon. Consequently, characteristics of entrepreneurship are contingent on the regional culture.
46. Nair and Barman (1999) found that the present policy of product reservation in small-scale industrial sector seems to have outlived its purpose. This policy is not in tune with the techno-economic development that is taking place. In order to encourage healthy competition and to deliver value to customers, the policy of product reservation should be progressively eliminated.

47. Shallappan and Venkatapathy (1998) commented that developed countries have been achieving higher growth rates owing to entrepreneurial activity. They suggested that government has to formulate and adopt better schemes to encourage potential entrepreneurs. Also there is a need to bridge the gap between entrepreneurial awareness and practices.

48. Manimekalai (1998) concludes that the industrial estates programme has encouraged many first generation entrepreneurs to take up industrial activity. The factors, which facilitated were better infrastructural facilities, good work sheds and common service facilities. The success of entrepreneurs, measured by Entrepreneurial Economic Success Index, explains that the percent of entrepreneurs under ‘very successful’ and ‘successful’ grades was higher in the ‘outside industrial estates’ group than that in the ‘industrial estate’ group.

49. Jayachandran (1998) has found that entrepreneurs with industrial and agricultural background were better than others in reaching 50 percent installed capacity. The study suggests that intensive training programmes are needed to attract prospective young entrepreneurs. Periodical guidance and training facilities in technical, managerial and marketing fields are useful for entrepreneurship development in small-scale sector. The study stresses the need for providing basic infrastructural facilities in industrial estates.

50. Kumar (1998) concludes that entrepreneur’s background i.e., nativity, father’s profession and his experience has nothing to with his success. It is the inner drive, need for achievement and a favourable entrepreneurial climate that will ultimately lead to the promotion, development and success of the entrepreneur.

51. Zimmerrer and Scarborough (1998) pointed out that most of entrepreneurs in the United States start business during their 30s and 40s. They concluded that
age difference at the start of business seems to have no association with business success.

52. Asthana (1998) in an article commented that there is a need to conduct entrepreneurship development programmes in order to impart latent talent to the entrepreneurs so that the entrepreneurs can benefit out of growth opportunities. In order to train entrepreneurs effectively, there is need of greater cooperation among training agencies.

53. Kikuchi (1998) found that due to fact that the technology used in the garment industry is labour intensive, the spread of garment sub-contracting in rural areas have created employment opportunities with low opportunity costs. He commented that the rise of the export garment sector gives an opportunity for new rural entrepreneurs to create enterprises.

54. Pannalal (1997) concluded that sole proprietorship is the most popular and successful form of entrepreneurship, followed by partnership. Most of the entrepreneurs are in the age group 31-40 years. Parent’s background in industry, trade and contract works is highly conducive for entrepreneurial career. Engineering industries seems to thrive in the industrial estates.

55. Madhumurthy (1997) found that agriculture and business families are the main sources of entrepreneurial supply. Most of the entrepreneurs are graduates in the age group between 26 to 30 years while starting their entrepreneurship career. The main motives to choose entrepreneurial career were desire for independent life, personal fame, innovation and encouragement by government agencies.

56. Karim (1996) has found that the areas major areas where help is needed in entrepreneurial ventures are credit, marketing, training, technology, information, extension and consultancy and infrastructural support.

57. Poojary (1995) concludes that the opportunities provided by the State of Karnataka with regard to facilitating factors have gone only to the upper strata of the society. He concluded that socio-economic factors have a significant influence on entrepreneurship in the region.
58. Bygrave (1995) developed an entrepreneurial process model with the aim to determine the critical factors that give birth to new enterprises. The entrepreneurial process is placed at the centre of a framework composed of personal, sociological, and environmental factors that influence the different steps of the entrepreneurial process and consequently the creation of new enterprises. Nevertheless, the importance of informal institutional factors stands out, especially in the earlier stages of the process.

59. Dadibhavi and Bagalkoti (1994) found that disparity across states is increasing. Their study has suggested that the govt. role is needed for the increased investment on health infrastructure for the reduction of regional disparities in health.

60. Jawahar (1994) found that higher the educational qualification, lesser the possibility of taking up entrepreneurship as a career. Entrepreneurs in the age group ‘25 and less’ showed highest entrepreneurial success rate. Majority of the units had investment below ₹10 Lakhs.

61. Manalel (1994) revealed that the growth rate of small-scale sector in Kerala was higher than that in the many of developed states. However, the incentive packages are not effective as expected.

62. Reddy and Reddy (1994) have found that most of the entrepreneurs had secondary education along with previous experience in industry, business or government service. Proprietary and partnership concerns are the two major types of enterprises. Nearly two third of the entrepreneurs are Hindus and majority of them belonging to Vysya community.

63. Cherian (1994) concludes that EDP training was positively associated with the development of women entrepreneurship.

64. Pillai (1994) found that the small-scale enterprises should be provided with timely and adequate credit rather than delayed concessional credit. Availability of credit without adequate management, results in inefficient use of scarce resources. He suggested that strategic alliances enable to strengthen the linkage between small-scale suppliers and the purchasers from the large-scale sector.
65. Ganesh (1993) revealed that there is considerable variation among the SFCs in India in both the operational and financial performance. Corporations individually had no much difference in their performances.

66. Venkiteswaran (1993) found that the shortage of raw materials was the main problem faced by entrepreneurs. The other problems were shortage of working capital, competition, labour problem, power shortages, lack of demand etc.

67. Talebi (1992) reveals that entrepreneurship is function of environment and its nature changes with changes in environment. The internal environment consists of factors within the organisation and the external environment involves the socio-economic and legal conditions in environment. The external economic environmental factors such as economic system, stage of its growth, rate of growth, its structure, government policies etc., influence entrepreneurship. The study also concludes that nature of political system like monarchy, democracy, fascism, communism etc., significantly influence the basic attitudes of the people and the growth of entrepreneurship.

68. Learned (1992) has found that although individuals may have the necessary combination of traits and background, the final decision is formed from the interaction of the potential with the situation. The situation may facilitate or inhibit the individual to set up his / her own business.

69. Singh (1992) concludes that upward striving potential for change and developments, punctuality, competitiveness, decision-making ability, cultivation of individuality and better education tend to facilitate small-scale industrial growth. Tension, guilt proneness, tough-mindedness, emotional instability, averageness, and conservativeness retard industrial growth.

70. Nabi and Muhanty (1992) found that the absence of entrepreneurial skill and ability of the people are the two major problems. They have suggested for providing sufficient fiscal assistance, conducting EDPs, and monitoring the potential of the trained entrepreneurs.

71. Rao (1991) concludes that poor financial status adversely affected entrepreneurship amongst women. Lack of cooperation from the family and
society discouraged women from entering into entrepreneurship. Widespread illiteracy has caused the rural women to be ignorant about major programmes available for entrepreneurship promotion in the region. The study has suggested for conducting skill development programmes in the region.

72. Casson (1991) has commented that the manner in which people are educated from an early age and the transferable skills, which they develop during higher education, play an important role in establishing entrepreneurial characteristics.

73. Staw (1991) in his study has found that, at the start of any business, age is not a key factor. However, with enough training and preparation, early start of the business, is advantageous. He concludes that the older an entrepreneur is the more experience he gets in business.

74. Bisht and Sharma (1991) found that caste is not as important as the family factor in entrepreneurship. Inter-generational / intra-generational influences are the most influencing factors in the course of entrepreneurial history and it is repetitive in nature. Most of the entrepreneurs had no business background.

75. Baumol (1990) argues that the total supply of entrepreneurs differs across economies. The productive contribution of the society’s entrepreneurial activities varies much more due to their allocation between productive and unproductive activities.

76. Duchesneau and Gartner (1990) in their study found that working in a family business enables people to acquire certain business ideas and skills to start their own enterprises or continue families’ businesses. Individuals acquire certain business skills prior to their business start-up.

77. Thanulingam and Natarajan (1989) concluded that the incentives have been effective in attracting individuals into the entrepreneurship in SSIs. However, the entrepreneurs with necessary skills, training, technical know-how and experience are not ready to invest in small scale units due to paucity of funds and uncertainty about getting adequate profit. In backward regions, the economic and social overheads are poor and hence tempo of growth of
entrepreneurship is low. Hence, the industrial estates are important to build up the necessary atmosphere for the growth of entrepreneurship.

78. Sexton and Smilor (1989) opined that the study of entrepreneurship is multi-dimensional. Entrepreneurship is a combination of personal, economic, and sociological variables and hence the behaviour of individual entrepreneurs and the socio-economic and political infrastructure promotes or hampers the creation and development of entrepreneurship.

79. Nafziger (1988) reveals that for younger individuals, formal education and working experience enabled to acquire entrepreneurial skills. Lack of adequate capital is the most important economic barrier to small enterprise development. He has found that the more the assets at disposal, the more will be shifts from wage employment to self-employment.

80. Vizverberg (1988) found that self-employment is treated as the source of livelihood for a large number of rural folk. Rather than pure entrepreneurial reasons, poor wages in labour market has attracted a large number of persons into entrepreneurship.

81. Cooper (1985) has highlighted that the three factors influencing entrepreneurship are antecedent influences, incubator organisation and the environment. The background factors influencing an entrepreneur are family influences and genetic factors, which in turn affect motivation, skills and knowledge. The major influencing environmental factors consist of economic conditions, access to venture capital, support services and role models.

82. Sharma (1985) notices two groups in entrepreneurial growth of India. Family groups and caste / community groups. The entrepreneurs were more evolved from well-known group with industrial and / or mercantile backgrounds. According to him, strong desire to do something independent in life, technical knowledge, and financial assistance from institutional sources, business experience in the same or related line, accommodation in industrial estates and high demand for a particular product or service are the major factors induced the emergence of entrepreneurial class.
83. Oommen (1981) in his study aimed to find out the causes for the flight of small-scale industries from one region to another. He has stated that if anticipated profits are high in a region due to availability cheap and non-unionised labour, the mobility of entrepreneurs is likely to be high.

3.3 Studies on Factors Determining Small Business Success

84. Maira (2012), Member, Planning Commission, Government of India has commented that ‘MSMEs are indispensable towards promoting inclusive growth as they contribute significantly towards employment generation and poverty alleviation’. He has opined that ‘building an eco-system for facilitating credit flow to MSMEs is extremely important’. The difficulties of MSMEs in getting credit need to be reduced. Lack of skilled labour and technology are the other problems being faced by MSMEs in India.

85. Saleem (2012) in his study states that businessmen were doing business on the basis of their experiences in those business profiles which were either sold more frequently or had much profit per unit and were according to existing culture. Businessmen were not taking initiative in bringing positive changes in the existing culture nor attempted to motivate customers in order to enhance sale. Higher general education enabled businessmen to understand business world but due to lack of business background they could not understand business world technically. Government should provide opportunities to businessmen for developing skill to promote their businesses.

86. Kalam (2010) has found that mentoring, funding and marketing techniques are essential for sustainable growth and expansion of MSMEs in India. Being they are location and scale independent, MSMEs can be established and operated from any part of the country. MSMEs can tap the potential of youth in the country.

87. Raman (2004) found that motivational factors such as initiatives, third party assistance, encouragement by family and friends, skill and economic conditions leads to success of the entrepreneurs.
88. Rogoff et al. (2004) found that internal factors like size and years in business, the ability to improve financing, marketing and human resource aspects, and external factors like sales tax rates, favourable market condition, business opportunities, and infrastructure facilities etc., determine business success. They also commented that availability of resources, favourable economic conditions, competition factor and nature of government regulation etc., also determine success of businesses.

89. Micheline and Leo (2000) found that entrepreneurs learn through factors such as age, professional experience and formal education. They enable the entrepreneurs to increase their abilities and reduce the risk in starting a business and in turn were able to succeed in their entrepreneurial activity. The learning is resulted both before and after the entry into the venture and as the firm grows into a large size. They found that financial constraints remain as a major restraint for entrepreneurship and firm growth.

90. Rao (1986) found that education and income levels influence entrepreneurship. Money making was the major motivating factor for the entrepreneurs. He concluded that the impact of industrial estates on the emergence of entrepreneurship in Coastal Andhra Pradesh was marginal.

3.4 Studies on Entrepreneurial Motivation

91. Kalyani and Kumar (2011) found that the aspirations of women and men are similar. In rural and semi urban areas, entrepreneurs lack opportunity to get training on professional and personal skills. Hence, educational institutions, training centers and NGOs need to create skill development opportunities to rural women. In order to improve entrepreneurial skills of women and youth in rural areas, support is needed from all corners, particularly from educational institutions.

92. Swunney and Runyan (2007) state that generating income and creating own job and prop up from family and friends are the most important factors motivating the people to become successful entrepreneurs.
93. Swierczek and Ha (2003) concluded that SME owners in Vietnam are motivated more by challenge than that by security. Challenge and achievement are significantly more important motivators than necessity and security. They commented that Vietnamese culture attaches higher value to collectivism rather than individualism, and the economy is characterised by a high level of uncertainty. They concluded that an entrepreneurial orientation and culture is emerging in Vietnam that includes greater risk-taking and proactive behaviours.

94. Aravinda and Renuka (2001) conclude that self-interest in a particular area of enterprise and inspiration from others’ success motivated women towards entrepreneurship. Self-experience, interest, family’s support were the facilitating factors towards entrepreneurial success. Entrepreneurship Development Programme (EDPs) and support are considered as essential for entrepreneurial development.

95. Jayasree and Kalamony (2000) have commented that generation of additional income and unemployment are the motivating factors for women entrepreneurship. Financial problems, marketing problems, labour problems and management problems lead to failure of enterprises. Majority of women entrepreneurs are unaware of financial institutions, which provide financial support. They suggested that developing entrepreneurial awareness among the female students and providing information on financial, marketing and related aspects are helpful to promote entrepreneurship. In their opinion, banks and other financial institutions need to relax the rules and conditions for loan facilities to women entrepreneurs.

96. Manimala (1999) stresses that individual is the most important factor that determines performance and growth of an enterprise. He concludes that there has to be fresh look at the policies for promoting entrepreneurs, which should focus on developing innovative individuals than facilitating a particular task.

97. Davidson (1995) found a complex interaction among structural characteristics, entrepreneurial values, new firm-formation rates, entrepreneurial intentions, and beliefs concerning entrepreneurship.
98. Govindappa’s (1992) reveals that entrepreneurs were motivated by a strong desire to earn more money in order to improve their living conditions. Lack of formal education did not hamper from venturing into industry. Those who learnt and practiced carpentry early in life entered the industry at a younger age. There was occupational mobility. The previous occupation influenced the entry into and success in entrepreneurship.

A review of various research works undertaken in the past reveals that entrepreneurship is studied in different parts of the world on its multi-faceted aspects. The universalistic trend in entrepreneurship research also reflects in the work of Schumpeter (1934), which investigates the demand conditions that stimulate entrepreneurship growth and the impact of entrepreneurs on a nation’s economic growth and development. Subsequent researches in this area have used the assumptions followed by Weber and McClelland. Studies on the interaction between socio-economic factors and entrepreneurial events have not been given much vent, on a comparative level between regions, in Kerala. No comparative study was attempted in the past between the northern and southern regions of Kerala in order to identify whether socio-economic factors affecting entrepreneurship are significantly different between them. No pragmatic solution was ever suggested for the entrepreneurial development of the northern Region by studying entrepreneurship on a comparative basis. Understanding the research gap, the present study aims to compare and study the socio-economic factors influencing entrepreneurship in the northern and southern regions of Kerala.