CHAPTER – I

INTRODUCTION
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The focus of the study is on the impact of micro business on the entrepreneurs.

Entrepreneurs are risk takers, willing to roll the dice with their money or reputation on the line in support of an idea or business. They willingly assume responsibility for the success or failure of a venture and are answerable for all its facets.

Entrepreneur is an Economic Agent who plays a vital role in the economic development of a country. Economic development of a country refers to steady growth in the income levels. This growth mainly depends on its entrepreneurs. Thus an Entrepreneur unites all means of production, land of one, the labour of another and the capital of yet another and thus brings out a product. By selling the product on the market he pays the rent of the land, wages to labour, interest on capital and what remains is his profit. Hence an Entrepreneur is an organizer who combines various factors of production to produce a socially viable product.

Therefore an Entrepreneur is an individual with knowledge, skills, initiative, drive and spirit of innovation who aims at achieving goals. He identifies and seizes opportunities for economic benefits.

The word “Entrepreneur” is derived from the French verb ‘entrepredre’. It means ‘to undertake’. In the early 16th century the Frenchmen who organized and led military expeditions were referred to as ‘Entrepreneurs’. In the early 18th century French economist Richard Cantillon used the term “entrepreneur” to refer to business. Since that time the word “entrepreneur” means one who takes the risk of starting a new organization or introducing a new idea, product or service to society.
Entrepreneurship is a dynamic activity which helps the entrepreneur to bring about changes in the process of production, innovation in production, new usage of materials, and a creator of market etc. It is a mental attitude to foresee risk and uncertainty with a view to achieving a certain strong motive.

“Entrepreneurship” is a wide term that includes the interlinked dimensions of individual psychological entrepreneurship, entrepreneur traits, social encouragement, business opportunities, government policies, availability of resources and opportunities coverage towards the common good, development of the society and economy. It is the process of identifying opportunities in the market place, arranging the resources required to make use of these opportunities and investing the resources to exploit the opportunities for long term gains. It involves creating wealth by bringing together resources in new ways to start and operate a business.

Thus Entrepreneurship is the purposeful activity of an individual or a group of associated individuals undertaken to initiate, maintain and aggrandize profit by production or distribution of economic goods and services.

An entrepreneur is an opportunity seeker. He is also the organizer and coordinator of the agents of production. He has to execute many a good function while establishing a small scale business. He not only perceives the business opportunities but also mobilizes the other resources like 5 Ms---man, money, machine, materials and methods.

ENTREPRENEURSHIP IN INDIAN ECONOMY
Factors Conducive to India's Economic Growth

Sri Mukesh Ambani, RIL Chairman* and Managing Director, has identified several factors that will strengthen India's economic growth. They are:

❖ **Demographic advantage**: India has a predominantly young population. Forty four percent of India's population are less than 19 years of age. In the next twenty years, India will have more than 400
million under the age of 35 and in a decade from now, only 10 percent of Indians will be above 60 years of age,

- **Aspiring youth**: This young generation that is growing up, is aspiring, it produces and consumes business at the same time, creating internal markets.

- **Culture of innovation and knowledge**: Compared with most other countries, India has embraced technology better. India has a mindset and a gene pool, where the young people can do very well in technology.

- **Growth momentum**: The country has got an underlying growth momentum, and the country has the ability to reinvent its growth model.

  In this context, the ‘entrepreneurship development’ will have an important role to play in sustaining an ever increasing economic growth of the country. Corporate sector, comprising trade, commerce, industry, marketing and allied fields, has the potential to energize and hasten the process of rural development by creating business for which there is unlimited scope. Though the involvement of corporate sector with the rural system is somewhat visible in India, it should be done in a big way, so that the synergistic effect helps in the development of both the corporate sector and the rural sector. However, care should be taken to see that commercial interests do not override livelihood concerns of the farmers and the rural people.

**BUSINESS ENVIRONMENT IN INDIAN ECONOMY**

1. **Strong growth momentum**
   - Sustained process of liberalization since 1991
   - Average GDP growth is 6% in last six years
   - Increased openness to foreign trade and investment
   - Rapid growth in export oriented IT and BPO industries.
   - Strong balance of payments (rapid buildup of reserves)
2. Opportunity
   - Large, rapidly growing domestic market large, low cost labour force.
   - Engineering/IT/English language skills.
   - Abundant availability of raw material.
   - Political stability, consensus on economic policies.

3. High potential sectors
   - Software
   - Engineering based manufacturing Steel.
   - Textiles/RMG (Ready Made Garments) Pharmaceuticals.
   - Alternative to China for companies looking to source merchandise globally.

4. Growth constraints
   - High fiscal deficits crowd up public and private investment.
   - Severe infrastructure bottlenecks.
   - Rigidities in labour and land markets.
   - Widespread govt. ownership of business, dominance in banking.
   - Import tariffs, complex tax rebates.
   - Restrictions on FDI (Foreign Direct Investment) in some sectors.
   - Excessive regulation that increases cost of doing business. Private investment only 15% of GDP.
   - Industry’s contribution is less than 25% of GDP.
   - Only 7% of total employment in organized sector.

ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT
“Economic development is the effect for which entrepreneurship is a cause”. Economic development essentially means a process of upward change whereby the real per capita income of a country increases over a
period of time. Entrepreneurship has an important role to play in the development of a country. It is one of the most important inputs in economic development. The number and competence of entrepreneurs affect the economic growth of the country.

The economic development is the outcome for which entrepreneurship is an inevitable cause. The crucial and significant role played by the entrepreneurs in the economic development of advanced countries has made the people of developing and under developed countries conscious of the importance of entrepreneurship for economic development. It is now a widely accepted fact that active and enthusiastic entrepreneurs can only explore the potentials of the country’s availability of resources such as labour, capital and technology.

The role of entrepreneurs is not identical in the various economies. Depending on the material resources, industry climate and responsiveness of the political system, it varies from economy to economy. Entrepreneurship helps in the process of economic development through employment generation, increase in National Income, balanced regional development, dispersal of economic power, better standards of living, creating innovation, capital formation, resource mobilization, backward and forward linkages. It promotes country’s export.

**NEED FOR THE STUDY**

Trichirappalli District is a developing district in many fields such as agriculture and industries. There are adequate potentialities for self-employment and the entrepreneurs utilize these opportunities. Now the growth of entrepreneurship is viewed as contributing to the industrial development of the district. So the present study is needed to examine their position and their practical difficulties.
STATEMENT OF THE PROBLEM

A significant feature of the Indian economy since independence is the rapid growth of entrepreneurship. There is an unlimited scope for the growth of entrepreneurship and with a little initiative and assistance, the idle and unemployed agricultural workers can find permanent employment and earn comparatively large and stable income. Moreover the success of the entrepreneurs is determined by the attitude and support of society. Seeking employment and working in an unsatisfied job condition causes stress in spite of which it is difficult for them to make both ends meet. The best alternative and right choice is to become an entrepreneur. But after becoming an entrepreneur, to command the market and flourish in the business in the midst of stiff competition needs high potential. Especially the micro level entrepreneurs face greater difficulty right from making investment up to marketing the product.

Therefore the researcher has undertaken the study of micro business entrepreneurs. Further, there is a need to know about the various socio-economic factors which influence the entrepreneurs, the measures taken by the government to support them, the factors motivating them to become entrepreneurs, various problems encountered by the entrepreneurs and their overall empowerment.

OBJECTIVES OF THE STUDY
The present study has been carried out with the following objectives:

1. To study the socio-economic background of the entrepreneurs engaged in Micro business in Trichy District.
2. To find out the expectation of entrepreneurs from the government to develop their business.
3. To analyze the factors that influence entrepreneurs to start their business.
4. To evaluate the various problems faced by the entrepreneurs while undertaking micro business.
5. To indentify the impact of various variables in each dimension leading to overall empowerment of entrepreneur.
6. To offer suggestions to improve the satisfaction of entrepreneurs of the selected district.

HYPOTHESES TO BE TESTED

Hypotheses
1. Socio-economic background of entrepreneurs has a significant relationship with their overall development.
2. Expectations of entrepreneurs from the government have a significant relationship with their gender.
3. The problems faced by the entrepreneurs have a significant relationship with their gender.
4. The factors inhibiting the growth of the entrepreneurs have a significant relationship with their gender.
5. There is a difference between the various dimensions contributing to the empowerment of entrepreneur.
6. All the variables in each of the dimensions do not create the same impact on the overall empowerment of entrepreneur.

SCOPE OF THE STUDY

Entrepreneurship has an important role to play in the development of a country. It is one of the most important inputs in economic development. The number and competence of entrepreneurs affect the economic growth of the country. The economic, social, cultural, financial and regulatory environment in a country affects the nature and growth of entrepreneurship. The government takes various initiatives to encourage the entrepreneurs by conducting training programmes, granting loans through banks and offering
subsidies etc. The development of micro business helps in eradicating poverty, unemployment and it leads to increase in per capita income leading to the economic development of the country. With all these considered, entrepreneurship of micro businesses, has ample scope for study.

METHODOLOGY

The Study Area

Tiruchirappalli is located in the heart of Tamil Nadu. It is blessed with good basic infrastructural facilities and resources, which could contribute to the development of the industries in the area and in particular to the development of small businesses. The majority of the working population depends on agriculture. This is the main reason for the stagnation in the industrial development of Tiruchirappalli district. Hence the government of India had declared almost the entire district as an industrially backward area. Therefore, incentives are provided for starting of industries in this district. By and large the whole background makes one conclude that the policies are sufficient enough to accelerate the pace of industrial development in the district. There is also scope for promoting the industries based on tourism, since there are a number of tourist spots in the Tiruchirappalli district. These are some of the main reasons for selecting the Tiruchirappalli district as the study area.

Moreover, the researcher belongs to Tiruchirappalli district and she can have easy accessibility of transport, time, money etc. For all these reasons the researcher has taken up for study the micro businesses of Tiruchirappalli District.

The Study Unit

This study covered micro businesses involved in manufacturing, trading and services.

Period of Study

The collection of data was started in January 2007 and it covered a period of five years 2007-2012.
The Sampling Method

In order to study the impact of micro business on the entrepreneurs in Tiruchirappalli district, the researcher approached the District Industrial Centre to find out the total number of registered micro business owners and collected a list of 7581 micro business entrepreneurs from all the 14 blocks out of which 4 blocks are taken for the study namely Thiruverambur, Lalgudi, Manachanallur and Manaparai which consist of 1390 entrepreneurs. Out of the 1390 entrepreneurs 20% are taken as sample for the study adopting simple random sampling method - 280 entrepreneurs.
Registered Micro Business Units in 4 Blocks of Tiruchirappalli District

1390

Thiruverambur 480

Manaparai 312

Musiri 360

Lalgudi 238

Manufacturing 50 Trading 32 Service 14

Manufacturing 28 Trading 24 Service 11

Manufacturing 35 Trading 28 Service 9

Manufacturing 26 Trading 20 Service 3

(20% of 480) 96

(20% of 312) 63

(20% of 360) 72

(20% of 238) 49
PILOT STUDY

The study at hand is quantitative in nature as it has made use of personal interviews as a data collection method which is part of the survey method, hence a component of quantitative research methods. Statistical tools could be easily applied in quantitative research methods.

The researcher used questionnaires for the research study because of the following reasons:

i. It is economical in terms of time and money; and
ii. The use of questionnaires enables the respondents to remain anonymous and be honest in their response.

The layout of the questionnaire was kept very simple to encourage meaningful participation by the respondents. The questions were kept as concise as possible with care taken to the actual wording and phrasing of the questions, the reason being that the appearance and layout of the questionnaire are of great importance in any survey. The literature in the study was used as guidelines for the development of the questions of the questionnaire. The questions that were used in the questionnaire are:

- Dichotomous questions;
- Multiple-choice questions; and
- Five-point Likert scale type questions.

Close-ended questions were used for the following reasons:

- To enable the respondents to easily understand the questions; making it less time consuming for them to complete the questionnaire. Non-response error is thereby reduced; and
- Close-ended questions are easy to code and analyze, since the responses are predetermined.

The questionnaire was pre-tested in a pilot study involving 30 micro business entrepreneurs in Tiruchirappalli district. A pilot study is described as the using of a questionnaire on a trial basis. It was used in the study to identify
flaws in the questionnaire and to determine the time required by a respondent to complete the questionnaire. Furthermore, in the study at hand pre-testing the questionnaire was to test its face and content validity, and to identify and rectify problem areas. After pre-testing, it was refined for the data to be collected.

The pilot study revealed that some of the respondents were not willing to divulge their age and educational levels. The arrangements of some of the questions were faulty. The result of the pre-test, consequently, led to some amendments to the questionnaire. The researcher was able to obtain most of the required information.

COLLECTION OF DATA

Type of Data

Both primary and secondary data have been collected for the purpose of this study.

Sources of Primary Data

A questionnaire was developed based on the literature of the subject and the discussion which the researcher had with experts engaged in the field. The questionnaire was classified into six parts which include personal and demographic factors, factors influencing the entrepreneurs to start business, identify the changes in the attitude of the entrepreneurs before and after starting the micro business, problems faced by the entrepreneurs, factors inhibiting the success of the entrepreneurs and finally the overall empowerment of entrepreneurs through micro business.

Sources of Secondary Data

The secondary data have been gathered from the various books on entrepreneurial development, magazines, newspapers, books, journals, websites, DIC of Trichy, TREC Step of Trichy etc.
ANALYSIS OF DATA

Data analysis involves the reduction of accumulated data to a manageable size, developing summaries, looking for patterns and applying statistical techniques. It also includes the interpretation of research findings in the light of the research questions, and determines if the results are consistent with the research hypotheses and theories. Editing, coding and processing of data form an integral part of data analysis. The data collected from the primary sources have been properly classified, transcribed, tabulated and interpreted. The conclusion drawn from each table has been shown under the ‘findings of the study’.

Statistical analysis of data

The statistical tools applied for the research to prove the accuracy of the thesis include paired t-test, ANOVA, Chi-Square test, Mann-Whitney U-test, Wilcoxon - Rank test, Pearson’s Correlation Coefficient, Multiple Regression, Factor Analysis and Path Analysis.

1. Paired t-test

When two data sets are not independent, the paired t-test can be a better tool for comparison.

2. Analysis of variance (ANOVA)

Analysis of variance (ANOVA) is a statistical technique that can be used to evaluate whether there are differences between the average value, or mean, across several population groups. With this model, the response variable is continuous in nature, whereas the predictor variables are categorical. In the simplest case, where two population means are being compared, ANOVA is equivalent to the independent two sample t-test. One-way ANOVA evaluates the effect of a single factor on a single response variable. When interpreting the results from the ANOVA procedures it is helpful to comment on the strength of the observed association, as significant differences may result simply from
having a very large number of samples. ANOVA is a statistical model that tests whether or not groups of data have the same or differing means. The ANOVA model operates by comparing the amounts of dispersion experienced by each of the groups to the total amount of dispersion in the data.

3. A **chi-squared test** also referred to as **chi-square test** or \( \chi^2 \) test: The primary use of the chi-square test of independence is to determine whether two categorical variables are independent or related.

4. The **Mann-Whitney U-test** is a non-parametric statistical hypothesis test for assessing whether one of two samples of independent observations tends to have larger values than the other. It is one of the most well-known non-parametric significance tests. It was proposed initially\(^1\) by the German Gustav Deuchler in 1914 (with a missing term in the variance) and later independently by Frank Wilcoxon in 1945,\(^2\) for equal sample sizes, and extended to arbitrary sample sizes and in other ways by Henry Mann and his student Donald Ransom Whitney in 1947.

5. **The Wilcoxon Signed-Rank Test** is the nonparametric test equivalent to the dependent t-test. It is used when we wish to compare two sets of scores that come from the same participants. This can occur when we wish to investigate any change in scores from one time point to another or individuals are subjected to more than one condition. As the Wilcoxon Signed-Ranks Test does not assume normality in the data it can be used when this assumption has been violated and the use of the dependent t-test is inappropriate.

6. **Correlation:** It is primarily concerned with finding out whether a relationship exists and with determining its magnitude and direction. The

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Pearson product moment correlation coefficient (r) has been employed. It involves obtaining a pair of observations or measures on two different variables from women entrepreneurs. The paired measures are then statistically analyzed to determine if any relationship exists between the different dimensions of empowerment of entrepreneur.

7. **Multiple regressions:** Correlation is concerned with the magnitude and direction of the relationship whereas regression focuses on using the relationship for prediction. In terms of prediction, if two variables were correlated perfectly, then knowing the value of one score permits a perfect prediction of the score on the second variable.

8. **Factor Analysis:** Factor analysis is a statistical data reduction and analysis technique that strives to explain correlations among multiple outcomes as the result of one or more underlying explanations, or factors. The technique involves data reduction, as it attempts to represent a set of variables by a smaller number. The main applications of factor analytic techniques are to reduce the number of variables and to detect structure in the relationships between variables, that is to classify variables. Principal component analysis (PCA) has been used as the method for exploratory component analysis.

9. **Path Analysis:** A model with only observed variables. Path analysis estimates correlations among the independent variables in different dimensions of empowerment of entrepreneur and Estimate regression relationships among the independent variables. Finally it makes all the variables related to one another and finds out what is the exact relationship.

**LIMITATIONS OF THE STUDY**

The study is limited to micro business entrepreneurs only. This study does not include the entrepreneurs who come under the Small Scale Industries and Large Scale Industries. The study is limited to the sample size of 280 entrepreneurs. The sampling has its own bias.

The primary data were mostly drawn from the memories of the sample respondents. Hence; the period of study was limited to five years from 2007 to 2012.
This study does not cover departmental, partnership and joint entrepreneurs. Thus it is understood that only registered individual micro entrepreneurs are taken into consideration.

CHAPTER SCHEME
The present study is organized under five chapters.

CHAPTER - I
This chapter is an introduction to Entrepreneurship. It gives the statement of the problem, objectives of the study, research methodology, scope of the study, limitations of the study and chapter scheme.

CHAPTER - II
This chapter presents the review of literature.

CHAPTER - III
This chapter explains the profile of the geographical area of study.

CHAPTER - IV
This chapter describes the outlook of micro business entrepreneurs.

CHAPTER - V
This chapter presents the analysis and interpretation of primary data. This chapter is further classified into Analysis I and Analysis II. Analysis I includes the socio-economic profile of entrepreneurs, the factors motivating them to start micro business, the expectation of entrepreneurs from the government and their various problems and hindrances. Analysis II includes the various dimensions contributing towards the empowerment of entrepreneurs and the various variables in each dimension leading to overall empowerment of entrepreneurs.

CHAPTER - VI
In this chapter the researcher organizes and provides the findings, suggestions and conclusion of the study.
CHAPTER – II

REVIEW OF LITERATURE