CHAPTER - I

INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

Entrepreneurship plays a prime role in industrial development. Man is interested in industry since time immemorial. The industry has evolved continuously. Man’s first item of production started from arrows for hunting. Then have sophisticated machines and equipment to produce large variety of goods and services. Scientific and technical inventions have enhanced the pace of entrepreneurship activities. One industry’s development has been raised to other industries and gives a multiplier effect to growth and spread of variety of industries. The development in the areas of industrialization has been continuously affecting the lives of people in their social customs, consumption patterns, traditions, beliefs and industrial culture. An entrepreneur is helping industrial growth, in turn helping national income.

India has always been a land of entrepreneurs. Entrepreneurs occupy a strategic position in the Indian Economy. It has played very vital role in fulfilling the socio-economic objectives of the nation. It has emerged as a powerful tool in providing relatively large employment for a given unit of investment, equitable wealth distribution and removal of regional economic disparities.

Characteristics of Entrepreneur

Entrepreneurs rather must possess the qualities viz., psychological capacity to assume risk and self confidence, ability to marshal resources, organisational and
administrative ability, technological knowledge, willingness to accept and adapt to changes and alertness to new opportunities.

A true Entrepreneur, besides possessing the functional qualities mentioned above must possess the broad personality contours which help him in developing initiative and dread him accomplish such tasks which he decides from time the time.

The successful Entrepreneur is the individual possess some essential virtues and qualities such as human skills, business skills, professional skills, legal skills, funds mobilizing skill, innovative skills, technical skills, behaviour or liaison skills and the art of handling the existing government and financial institutions.

1.2 TEXTILE ENTREPRENEURSHIP

The Government of India has defined textile entrepreneurs based on participation in equity and employed of a business enterprise. Accordingly, a textile entrepreneur is defined as “an enterprise owned and controlled by a men / women having a minimum financial interest of 51 percent of the capital and giving atleast 51 percent of the employment generated in the enterprise to men / women”.

Textile entrepreneurship in India represents a group of men / women are exploring new avenues of economic participation. The entry of men / women in organised business is a fairly recent phenomenon. Many men/women have turned into entrepreneurs by starting small enterprises.

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1.3 NEED FOR THE STUDY

Many developed nations stand witness to that it is the ‘spirit of enterprise’ among their people that has transformed their small agro based economies into big industrial giants. Whereas, the inadequacy of entrepreneurship was considered an inhibiting factor to accelerate the process of industrialization in the developing countries. With a policy of liberalization, many countries in the world have started confining their role to public utilities and have embarked on a progressive transfer of economic and social activities to private hands.

The human values and motives to exploit opportunities and to take advantage of favourable trade conditions influence the economic development of a country to a great extent. Entrepreneur is the catalyst who fosters this development.

1.4 STATEMENT OF THE PROBLEM

Entrepreneurship is the propensity of mind to take calculated risk with confidence to achieve a pre-determined business or industrial objective. Entrepreneurship development is an essential one for increasing the production and productivity in the primary, secondary and tertiary sectors harnessing and utilising the material and human resources, solving the problem of unemployment, under employment, effecting equitable distribution of income and wealth, increasing the Gross National Product (GNP) and improving the quality of life etc.

In order to expand the base of entrepreneurship in the country, Entrepreneurial Development movement is gaining momentum by different agencies since the
beginning of first five year plan. Recent industrial policies have given vast powers to
the government to create not only enterprise but also entrepreneurs. Today,
government is strongly backing the development of textile industry by directing term
that loan lending institutions to provide seed capital and credit facilities at the
concessional rate.

In recent decades, the country has undergone tremendous changes and has
experienced higher rates of growth economically, industrially and technologically.
Increasing infrastructure facilities for brain based education in training have been
created more and more in the field of textile industries. Since, textile product
occupies an important role in fulfilling the basic needs of the human being which
focused on bird’s eye view in tapping textile business in the study area. Tamilnadu is
a centre for making all important decisions on textile (Cotton) products and
accessories in India.

The entrepreneurs in the study represent a large group have broken away from
the beaten track and are exploring new vistas of economic participation and
achievement satisfaction. In this study, an attempt is made to evaluate the
entrepreneurs, perform successfully in textile manufacturing and trading. For this
purpose, certain personality traits, innovation and creativity, need and achievement,
risk taking, proficiency, personal efficiency, desire were considered as important
elements to conclude their success in home textile business.

With relevant education, work experience improved economic conditions and
financial opportunities more men / women are venturing into business. Hence, a study
is taken up to know the participation of men/women in industrial entrepreneurship, their success, satisfaction and problems encountered.

The study seeks to answer the following queries:

1. To what extent the entrepreneurs men/women motivated to become textile entrepreneurs?
2. To what extent the textile entrepreneurs become successful in their business?
3. To what extent the textile entrepreneurs satisfied with their textile business?
4. What are the problems faced by the textile entrepreneurs in their business?

In the light of the above problems the following objectives have framed.

1.5 OBJECTIVES OF THE STUDY

The following are the main objectives of the study.

1. To study the development of textile entrepreneurs in India and in particular to Tamilnadu.
2. To find out the factors motivating to become textile entrepreneurs in Tamilnadu.
3. To determine the successfulness of entrepreneurship in the textile sector and to identify the factors contributing to success.
4. To identify the level of satisfaction of the textile entrepreneurs in their textile business.
5. To find out the problems faced by the textile entrepreneurs in their business.
6. To recapitulate the key findings of the study and to offer suitable suggestions to promote entrepreneurship in textile business.

1.6 HYPOTHESES OF THE STUDY

For the purpose of studying the level of success and level of satisfaction of textile entrepreneurs, the following null hypothesis has been framed.

- There is no significant difference between socio-economic factors & industry related factors and level of success of the textile entrepreneurs towards textile business.
- There is no significant relationship between socio-economic factors & industry related factors and level of satisfaction of the textile entrepreneurs towards textile business.

1.7 RESEARCH METHODOLOGY

The validity of any research depends on the systematic method of collecting the data and analyzing the same in a logical and sequential order. In the present study, an extensive use of both primary and secondary data was made.

**Sampling Design**

Tamilnadu has been purposively selected for the study since it is the textile-hub-of small, medium and large size textile industries of all types. Tamilnadu State has been divided into four zones viz., East, West, North and South. Respondents were chosen from these four zones in the study. For collecting primary data, field survey
technique was employed in Tamilnadu state. A well framed questionnaire was also used to collect the primary data. First hand information pertaining to the entrepreneurs’ satisfaction and their problems accrued by their textile business were collected from 1200 sample respondents by using multi-level sampling procedure. That is, 150 sample respondents are selected equally in selected 8 districts of Tamilnadu state (Coimbatore, Erode, Tirupur, Karur for Western zone, Tiruchirappalli for Eastern zone, Madurai and Theni for Southern zone and Kanchipuram for Northern zone) which are popular in textile production and manufacturing by using stratified random sampling method and selecting the sample respondents by using judgement sampling method. From the collected 1200 samples, the maximum unfilled and biased questionnaires are found and rejected from the study. In this way, 196 questionnaires are eliminated from this study. Finally, the researcher and supervisor have been finalized 1000 sample respondents to make a round off for ease of research study. The sample of 1000 respondents was considered for primary data collection.

Data Collection

Primary Data

In order to fulfill the objectives set, a sample study was undertaken by using a well framed questionnaire that was duly filled by the respondents. The respondents with varying backgrounds were selected based on the important aspects of their age, gender, educational qualification, monthly income, marital status, family size and so on. A noteworthy feature was that all the 1000 respondents filled the questionnaire
with much zeal. This was due to the significant level of literacy among the respondents and the researcher’s rapport established with them.

**Secondary Data**

The primary data were supplemented by a spate of secondary sources of data. The secondary data pertaining to the study was gathered from the records published by ministry of textiles, India. Latest information was gathered from well equipped libraries in Bangalore, Chennai and Coimbatore and also from Internet web resources. Further, the secondary data were also collected from various leading journals inclusive and exclusive of textiles. A number of standard text books were studied to obtain pertinent literature on textile entrepreneurs.

**Discussions and Informal Interviews**

In order to know the entrepreneurs behavior in textile business, several rounds of discussions were held with knowledgeable persons in the field of entrepreneurs, textile businessmen and also with the Research Supervisor for clarifications.

**Tools of Data Collection**

By virtue of a mass of data obtained from research survey, as well as data from secondary sources collected and presented in the present report, descriptive and analytical research was considered the most appropriate for the study. The research problems and the questionnaire were all framed accordingly. The researcher used close-ended and open-ended questions in the questionnaire to collect the necessary
primary data. The suggestions offered in the final chapter of the present research report emerged from the inferences drawn from the study during the study period.

**Construction of Questionnaire**

The key aspect of the present research was identified through the preliminary interviews (Pilot study) with some selected textile entrepreneurs. The questionnaire so drafted was circulated among some research experts, textile entrepreneurs and Research Scholars for a critical view with regard to wording, format, sequence and the like. The questionnaire was re-drafted in the light of their comments.

**Pre-test**

The questionnaire meant for the respondents was pre-tested with 25 textile entrepreneurs. After pre-testing, necessary modifications were made in the questionnaire to fit in the track of the present study.

**Frame Work of Analysis**

The core of the study being ‘Success level of textile entrepreneurs and their satisfaction’, the study centres around the dependent variables viz., the level of success and level of satisfaction perceived by the textile entrepreneurs and its relationship with the related independent variables.

**Approach to assess the extent of satisfaction of textile entrepreneurs**

The difference in the extent of success and satisfaction of textile entrepreneurs between the different types of respondents based on their Age, Gender, Educational
status, Marital Status, Number of Dependents, Monthly Income, Wealth Position, Community, Year of Establishment, Experience in the business, Method of Business, Nature of business, Type of Products dealt with, Type of firm, Capital Investment, Number of employees working in the firm was studied by means of Percentages, Averages, Ranged, Standard Deviation, Two-way tables, Chi-squared test, Anova test, Multiple Regression Analysis, Multi-Discriminant Analysis, Factor Analysis and Structural Equation Modelling.

**Chi-Square Test**

In order to identify the factors influencing the level of satisfaction towards their textile business by the selected respondents from different places of the study area, a Chi-square ($\chi^2$) test was used and the formula is given below:

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

with Degree of Freedom (D.F.) = (c-1) (r-1) where,

- $O$ = Observed frequency,
- $E$ = Expected frequency,
- $c$ = Number of Columns,
- $r$ = Number of Rows.

**Analysis of Variance (ANOVA)**

The analysis of variance has been developed specially to test the hypothesis that the variable has significant difference or not. From this technique, one is able to
determine whether the samples have the same mean as the population from which they have been drawn. In one way classification, the analysis of variance table has the following from the table.

### ANALYSIS OF VARIANCE

<table>
<thead>
<tr>
<th>Sources of Variation</th>
<th>Sum of Squares (SS)</th>
<th>Degree of freedom (DF)</th>
<th>Mean Square (MS)</th>
<th>F-Test</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Samples</td>
<td>SSB</td>
<td>K-1</td>
<td>SSB</td>
<td>MSB</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(\frac{SSB}{K-1})</td>
<td>(F = \frac{MSB}{MSW})</td>
</tr>
<tr>
<td>Within Samples</td>
<td>SSW</td>
<td>N-K</td>
<td>SSW</td>
<td>MSW</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(MSB = \frac{SSW}{N-K})</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>SST</td>
<td>N-1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The calculated values of F are compared with the table values. If calculated value of F is greater than the table value at pre assigned levels of significance, the null hypothesis is rejected otherwise accepted.

### Multiple Regression Analysis

The regression is a statistical relationship between two or more variables. When there are two or more independent variables, the analysis that describes such relationship is the multiple regression. This analysis is adopted where there is one dependent variable that is presumed to be in relation with the function of two or more independent variables. In multiple regression, a linear composite of explanatory variables is formed, in such a way that it has maximum correlation with an active criterion variable. The main objective of using this technique is to predict the variability of the dependent variable based on its co-variance with all the independent
variables. It is useful to predict the level of dependent phenomenon through Multiple Regression Analysis models, if the levels of independent variables were given. The linear multiple regression problem is to estimate coefficients of $\beta_1$, $\beta_2$, …., $\beta_j$ and $\beta_0$ such that the expression,

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \ldots + \beta_j X_K$$

provides a good estimate of an individual $Y$ score based on the $X$ scores,

Where,

$Y$ = Level of satisfaction of the textile entrepreneurs.  
$X_1$ = Respondents’ Location  
$X_2$ = Respondents’ Age  
$X_3$ = Respondents’ Gender  
$X_4$ = Respondents’ Educational Qualification  
$X_5$ = Respondents’ Marital Status  
$X_6$ = Respondents’ Number of dependents  
$X_7$ = Respondents’ Monthly Income  
$X_8$ = Respondents’ Wealth position  
$X_9$ = Respondents’ Community  
$X_{10}$ = Respondents’ Year of establishment  
$X_{11}$ = Respondents’ Experience in the business  
$X_{12}$ = Respondents’ Method of business  
$X_{13}$ = Respondents’ Nature of business
\[ X_{14} = \text{Respondents’ Type of products deals with} \]
\[ X_{15} = \text{Respondents’ Type of firm} \]
\[ X_{16} = \text{Respondents’ Capital Investment} \]
\[ X_{17} = \text{Respondents’ Number of employees working in the firm} \]

and \( \beta_0 + \beta_1 + \beta_2 + \ldots + \beta_j \) are the parameters to be estimated.

**Henry Garrett Ranking Technique**

This technique was used to rank the problems faced by the textile entrepreneurs in the study area. In this method, the respondents were asked to rank the given problems according to the magnitude of the problem. The order of merit given by the respondents was converted into ranks by using the following formula.

\[
\text{Percentage Position} = \frac{100(R_{ij} - 0.5)}{N_j}
\]

where,

- \( R_{ij} \) - Ranking Position
- \( N_j \) - Total No. of Ranks

The percentage position of each rank thus obtained is converted into scores by referring to the table given by Henry Garrett. Then for each factor, the scores of individual respondents were added and divided by the total number of respondents for whom the scores were added. These mean scores for all the factors were arranged in order of ranks and from this inference were drawn.
1.8 PERIOD COVERED BY THE STUDY

The study consists of both primary and secondary data. For collecting the primary and secondary data and has been finalized in the form of thesis from October 2010 to January 2014.

1.9 SCOPE OF THE STUDY

Tamilnadu State is one of the major textile industrial area in India. The State has a vastly diversified industrial base with adequate infrastructural facilities required for industrial activities. Textile entrepreneurship in Tamilnadu State is traditional one. Though traditional economic activities are done by men / women entrepreneurship on modern lines has emerged only during 1990’s. Hence, textile entrepreneurs were targeted for this study. This study aimed at understanding the personal and motivational factors, entrepreneurial performance and constraints faced by textile entrepreneurs. Hence, it will certainly help in improving the efficiency of textile entrepreneurs and also policy makers to formulate effective strategies for empowerment of textile entrepreneurs.

More specifically, the evaluation of the role of different support agencies and programmes for their success and also their limitation would help the policy makers and other institutions to design their approach for providing modern technical knowledge that how equipments, communication linkages and other facilities for client development. The identification of different constraints at entrepreneurial and
institutional levels would be helpful in finding remedial measures and overall improvement of textile entrepreneurship in the State.

1.10 LIMITATIONS OF THE STUDY

- The Universe for the study is Tamilnadu State; therefore findings are applicable for the State. However, some of the findings may be applicable to other geographical areas in India, with care to take into account the local conditions. The methodology is replicable.

- The sample is small but it is selected by random sampling method and it is sufficient to meet the requirements of statistical analysis. Therefore, results are valid in terms of precision of estimates and allowed their generalization to the universe for the study.

- The study is based on primary data collected from a sample of textile entrepreneurs. The data included also qualitative information i.e. success level and satisfaction of the respondents. Personal interview method of data collection helped minimize response errors. The limitations of tools of analysis were kept in mind while evaluating the estimated parameters and their implications.

Hence, the generalization of the findings of the study is subject to these limitations.
1.11 CHAPTER SCHEME

The present empirical study has been divided into five chapters.

- The First Chapter deals with introduction, Importance of the study, Statement of the Problem, Objectives of the Study, Hypotheses of the Study, Research Methodology, Period of Study, Scope of the Study, Limitations of study and Chapter Scheme.

- The Second Chapter presents the Review of Literature.

- The Third Chapter gives an overview of Entrepreneurs and the origin and development of textile industry.

- The Fourth Chapter deals with the Data Analysis and Interpretation of the study.

- The Final Chapter presents the summary of findings, suggestions and conclusion of the study.