CHAPTER III

METHODOLOGY

A clear and effective methodology is essential in this fact finding exploration exercise. The methodology should contain modern and efficient tools of analysis and interpretation.

This part of the research design outlines the entire research plan. It describes just what must be done, how it will be done what data will be needed, what data gathering devices will be employed, how sources of data will be needed, and how the data will be analyzed and conclusion reached.¹

Selection of proper research method is a very crucial problem. If a wrong methodology has been adopted for completing a piece of research, the results are found to be vague, implausible and unscientific. The methodology for any research study is strong in a careful examination of the available literature and depending, to a large extent on the imagination and long term vision and understanding of the researcher².

3.1 Introduction

Entrepreneurship is a novel but growingly essential area these days in India. Scholars like Peter Drucker felt that no economy could ignore the importance of entrepreneurs and managers to achieve multistructural optimalities and redistribution propelled transactive equilibria. In accordance with international trends of transition, structural adjustments and global reforms, due importance has been accorded to the study and research relating to entrepreneurs and their revitalising roles of rigour and vigour.

Tirunelveli district has been a fast developing unit reflecting the national and even global matrix and morphological marvels and muddles. The scope of entrepreneurs to become vital and key players is wide and bright. Still, certain inputs are needed. Some light is thrown on them in this work.

The present study enjoys theoretical validity, analytical feasibility and practical utility also.

Above all, it is humbly expected that this study is capable of adding not only to reproductive and informative types of knowledge but also to enrich the generative and creative types of knowledge to a great extent in this area.

Hence, this study is chosen for further investigation at the micro level.
3.2 Statement of the Problem

A significant feature of the Indian economy since independence is the rapid growth of entrepreneurship in the small-scale industrial sector. There is an unlimited scope for the growth of entrepreneurship and with a little initiative and assistance, the idle and underemployed agricultural workers can find permanent employment and earn a comparatively large and stable income. Therefore, the researcher has undertaken the study of the growth of entrepreneurship in the small-scale industrial units. Many small industries started in the beginning have been successful and they have expanded as large industrial units. This spectacular growth is mainly due to entrepreneurship. An indepth study relating to entrepreneurship provides the basis for understanding the concept of entrepreneurship.

3.4 Objectives of the Study

The specific objectives of the present study are:

1. To analyse the development of entrepreneurship in Tirunelveli district,
2. To study the extent of variations and levels of growth of entrepreneurs,
3. To analyse the factors influencing the starting of the entrepreneurs,
4. To assess and analyse the trend in capacity utilization.
5. To study the problems encountered by the entrepreneurs in Tirunelveli district and

6. To suggest measures for improving the development of entrepreneurship in the study area based upon the findings of the present study.

3.5 Scope of the Study

This study makes an attempt to cover the Tirunelveli District of Tamil Nadu. This southern district has been historically popular, politically noted and economically developing. Though agriculture is the primary sector of this district an active and dynamic trend of transformation towards industrial pursuits have been systematically taking place in the light of the growing scope for improvements in indexes like the Physical Quality of Life Index. (PQLI) Both small and medium types of industrial ventures have been taking place. Naturally, the spirit of entrepreneurship has gained momentum over the years. Entrepreneurs - small, medium and large - have emerged with the necessary mental makeup and spirit of adventure.

This research work tries to throw light on the manner in which the entrepreneurs get trained and mop up the necessary skill and will to compete and
achieve. Directly or indirectly an analysis of the strength, weakness, opportunities and threats (SWOT) has become inbuilt in the exercise.

This study covers all the eleven revenue taluks of the Tirunelveli district in a balanced manner.

3.6 Coverage of Period

The period of study pertains to the financial year 2002-03. The primary data were collected from the selected entrepreneurs during the six months from October 2002 to March 2003. The data relating to the growth components of entrepreneurs have been obtained for the period of five years from 1998-99 to 2002-03.

3.7 Sampling Design

In order to evaluate the performance of entrepreneurs in Tirunelveli district, 250 entrepreneurs were selected by adopting stratified random sampling method. The entrepreneurs registered in District Industries Centre (DIC) as on March 2002 were classified into six categories namely (i) agro-based industries, (ii) forest-based industries, (iii) textile-based industries, (iv) chemical-based industries, (v) engineering and allied industries and (vi) miscellaneous which included all other industries registered in Tirunelveli district.
3.7 Data Base

The present study is based on primary as well as secondary data. The personal interview method has been adopted to collect primary data. For this, a well designed and a pre-tested interview schedule (vide appendix) was prepared to collect information relating to the study. With a view to identifying the growth components of the entrepreneurs, the research had an indepth review of previous studies undertaken, relating to the topic of the present study. Further, the researcher had preliminary discussions with the officials of the District Industries Centre and a few entrepreneurs registered in District Industries Centre, Tirunelveli. In the light of the information gathered, the researcher prepared an interview schedule and identified the growth factors.

The secondary data were collected from published, unpublished reports, handbooks, action plan, pamphlets and Director of Industries and Commerce, Chennai and District Industries Centre, Tirunelveli.

3.8 Field Work and Data Collection

The researcher had undertaken the necessary field work to become aware of himself with regard to the problem chosen and study the general conditions prevailing in the field. Keeping the size of the samples in mind, the researcher devoted his attention to the collection of the primary data needed for the study.
Structured and pre-tested interview schedules have been employed equitably among the samples.

The researcher has come across certain constraints in the process. The very intricate constraint has been the recall bias suffered by the samples. Many respondents could recollect from their memory only and not every one was having written records immediately available. However, the data collected served eminently well so far as the analyses and interpretations are concerned.

3.9 Framework of Analysis and Tools used

In order to measure the growth of entrepreneur units, growth scale has been developed on the basis of scores awarded to the ten growth components. The ten components are allotted 10 scores each. The 10 scores are distributed on the basis of the growth percentage of each component. The growth percentage has been calculated on the basis of the five-year data from 1998-99 to 2002-03 by using the following formula:

\[ Growth \text{ Percentage} = \left( \frac{Current \text{ year Value} - Base \text{ year value}}{Base \text{ year value}} \right) \times 100 \]

In order to classify the levels of growth, mean score (\( \bar{X} \)) and the standard deviation (S.D.) of total growth scale obtained, have been used and classified as
Score value ($\bar{X} + SD$) ≥ High level growth

Score value ($\bar{X} - SD$) ≤ Low level growth

Score value ($\bar{X} - SD$) and ($\bar{X} + SD$) = Medium level growth

The coefficient of variation has been used to study the extent of variation in growth.

$$\text{Co-efficient of variation} = \frac{\text{Standard Deviation}}{\text{Arithmetic Mean}} \times 100$$

In order to analyse the factors which influence the growth of entrepreneur units a multiple log linear regression model has been estimated

$$\log Y = \beta_0 + \beta_1 \log X_1 + \beta_2 \log X_2 + \ldots + \beta_7 \log X_7 + u$$

Where,

$Y$ = Total growth scale value for ten components (in Nos.)

$X_1$ = Age of the units in years

$X_2$ = Capacity utilization in percentage

$X_3$ = Fixed investment (Rs. in lakhs)

$X_4$ = Working capital (Rs. in lakhs)

$X_5$ = Borrowed capital (Rs. in lakhs)

$X_6$ = Value of production (Rs. in lakhs)

$X_7$ = Sales turnover (Rs. in lakhs) and
\[ U = \text{Disturbance term.} \]

\[ \beta_0, \beta_1, \ldots, \beta_7 \text{ are the parameters to be estimated.} \]

The above model was estimated by the method of least squares.

In order to examine the relationship between the factors which influence the growth and the level of growth, Chi-square test has been a widely applied tool. The formula is given below:

\[
\text{Chi-square} = \frac{\sum (O - E)^2}{E}
\]

where \( O \) refers to the observed frequencies and \( E \) refers to the expected frequencies.

### 3.10 Limitations of the Study

This is a time bound research work. The area of investigation also has been deliberately chosen at the district level. The area of the study has not been bouncing with entrepreneurial maturity. There is much scope for greater achievements and the levels of game play also may go higher if only the necessary inputs of excellence are made available and also utilised properly. Looking from this angle, it is obvious that there is lot of scope for any researcher to work more and find more. Scepticism, for example, is an unbounded attribute of scholarship. Any objective investigation shall lead to a thorough probe at any time since the organism has been consistently growing and undergoing vast changes. In this context, the researcher humbly feels
that certain invisible constraints or limitations could be there. This aphorism is widely accepted and a truth for all times to come.

3.11 Chapter Scheme

The present study “A Study of Entrepreneurship in Tirunelveli District” is presented in the following eight chapters:

Chapter I introduces the subject and deals with the entrepreneurial development in India, entrepreneurs’ performance and achievements during the plan period. It includes short explanations of the District Industries Centre, their objectives and activities. A few significant theories of entrepreneurship also are added. The statement of the work and the scheme of chapters finds a place in this chapter.

Chapter II provides a balanced review of previous studies and literature which can well serve as the background material for better understanding of the work undertaken.

Chapter III is devoted for a description of the methodology adopted. It provides details relating to objectives of the study, scope of the study, coverage of period, sampling design, data base, field work and data collection, frame work of analysis and tools used, limitations of the study.
Chapter IV carries a short profile and development of entrepreneurship with regard to Tirunelveli district, the study area.

Chapter V analyses the spirit and forces behind the starting of enterprises.

Chapter VI highlights the extent of growth of entrepreneurship in small industrial units. It covers the measurement of growth, the analysis of components of growth, the extent of growth, the extent of variations of growth and the factors influencing growth.

Chapter VII deals with the capacity utilization and problems encountered by the entrepreneurs in the study area and

Chapter VIII sums up the leading findings, and presents a conclusion and a few suggestions for the betterment of the entrepreneurial climate.