CHAPTER II

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In the preceding introductory chapter the development of entrepreneurship in both pre- and post independence period was examined. Some of the important empirical studies conducted with special reference to the small scale entrepreneur in various areas have been reviewed. The present chapter documents the theoretical framework chosen for the present study and lists the main objectives, hypotheses and also the key concepts used. Further, it also presents information about the method of data collection.

I ] THEORETICAL FRAME WORK

Social mobility is an important social process. It is an age old process. Generally speaking, social mobility is a movement of individuals between different levels of social hierarchy. Many sociologists, as also scholars belonging to various academic disciplines have analysed the movement of population accounting for both vertical and horizontal changes in the position of individuals, classes, castes, or groups in different parts of the world.

An indepth study of social mobility, its types, channels, and the factors responsible for mobility is very important for many reasons. In this regard, Lipset and Bendix (1959 : XII)
assert that the study of social mobility is basic to the understanding of modern industrial societies. Similarly, Miller (1960:5) opines that: "Much about stratification can be explained by levels of and change in rates of mobility. The study of mobility shows the system of stratification in movement that change is taking place. Mobility shows how some of the occupational functions are met through an intricate process of recruitment with light on heavy barriers to access or exit. It points to variations in the background of individual members of the social class. If attention is paid to the shifting character of the occupational structure, we can sketch the changing skeleton of society itself."

Further, in addition to above advantages of studying social mobility, it also gives an insight into life chances of the members of the society. For example, it can show the degree to which a person or class origin influences his chances of obtaining a higher status.

Several definitions, given by eminent sociologist(s), cast light on the different aspects of social mobility. The problem of differentiating social mobility from other types of mobility is pinpointed by Miller (1960:1). In his *Comparative Social Mobility* Miller asserts that: "It is no easy matter to set it off precisely from other types of changes which sociologist investigates, e.g. geographic mobility, job shifting, for at many points these varied mobility phenomena intersect".
Sorokin (1959: 133) has extensively studied the subject of mobility. In his opinion social mobility is, "... any transition of an individual or social object or value anything that has been created or modified by human activity - from social position to another."

Similarly, another important authority over this subject are Lipset and Bendix (1959: 1-2), who observe that social mobility refers to: "... the forces by which the individuals move from one position to another in society, positions which by general consent have been given specific hierarchical value."

Herbert Goldhamer (1968: 429) defines the term in *International Encyclopedia of social Sciences* as: "... the movement of individuals, families and groups from one social position to another."

Social mobility, in a majority of the sociologists agree, is considered as referring to occupational mobility. Equating social mobility with that of occupational mobility, the *MacMillan Student Encyclopedia of sociology* (Christopher Bryant, 1983: 365) defines social mobility as "Movement from one stratum to another; in practice, usually movement from one occupational group to another."

Usually, change in the occupation including intergenerational as well as intra-generational pertains to social mobility. In the past, scholars studying change in statuses, values system, inter family horizontal circulation,
interreligious circulation, and interpolitical party circulation, etc., often studied these under the process of social mobility. But, contemporary sociological studies of social mobility are almost exclusively concerned with occupational mobility. As Kurt Mayer (1961: 69) points out: "Most attempts to measure social mobility have employed occupational mobility, or movement from one broad occupational group to another, as the principle index of social mobility."

Hence, occupational mobility, either vertical or horizontal, generally speaking is the best indicator of social mobility.

Before examining occupational mobility, its types and factors responsible for mobility, it is necessary to define the term 'Occupation'.

Since the times of the Greek philosophers to modern times, occupation has been recognised as an important criteria for judging the nature of social organization. Occupation is an important indicator of a person's social characteristics and the condition of society he lives in, for, occupation very often determines an individual's income and therefore, the capacity to accumulate wealth which in turn determines his status and position in society. An individual's occupational status can afford him a better lifestyle or a better neighborhood only if his income from his occupation is good. Hence, social prestige, class and position of an individual very much depends upon his occupation.
Various definitions given by different sociologists cast light on the different facets of the concept of 'occupation'.

The *Dictionary of Sociology*, compiled by Scott (1988: 466) defines occupation as: "... set of activities centered on an economic role that is determined by the general division of labour within a society. As a specialisation of individual's function in society, it is an important factor defining a person's prestige, class position and style of life".

Salz (1933) suggests that the concept of occupation should cover 3 sets of conditions namely technological, social and economic. Thus, in his opinion the term 'occupation' refers to: "... the specific activity with a market value which an individual continuously pursues for the purpose of obtaining a steady flow of income: this activity also determines the social position of individual".

Lee Tailer (1968: 10) defines occupation as: "patternised set of human relations with specific work experiences because ideology and identity are central to the sociological notion and experience of occupation". Thus integral components of occupation include career, status, prestige, mobility, images, culture, recruitment, remuneration and control.

Hence, the movement of individual or a group of individuals either vertically or horizontally in the occupational hierarchy can be called occupational mobility. Occupational mobility can be discussed by examining both the mobility of occupations
themselves as well as an individual’s movement from one occupation to another.

Depending on the number of individuals and generations involved in the mobility process, mobility can be categorised into two types, namely:

1. Career Mobility or Intra-Generational Mobility
2. Inter-Generational Occupational Mobility.

Miller (1960: 5) has used the term intra-generational occupational mobility changes to denote changes in an individual's occupational position during his life time compared from one point to another. In simple terms, an individual may change jobs or occupations for the better or worse during their career. Thus, it may be upward or downward depending on the prestige and income attached to the occupations changed by an individual.

**Inter-Generational Occupational Mobility:**

By comparing the occupational positions of sons with those of their fathers, researchers can obtain and ascertain whether an individual has moved up or down, or also as to how many have remained in the same occupational level as their fathers. Thus, this is one way we can measure occupational mobility. Miller has used the term inter-generational mobility to refer to changes in the occupational standing of the son relating to his father.

Though both the forms of mobility processes are equally important, the opinion of Fox and Miller (1970: p. 311 cited in
The emphasis in present day studies is still chiefly on intergenerational mobility...rather than on intragenerational mobility..."

Even Svalastoga (1988:556) confirms the same, for, he opines that, out of both the mobility processes, the process of intergenerational mobility received majority of researchers' attention. Hence, keeping all these views in mind, an attempt has been made in the present study to explore the various dimensions of career as well inter-generational mobility pattern of small scale entrepreneurs.

The mobility process, both inter-generational as well intragenerational, is influenced sometimes by numerous other factors. The factors which influence the mobility process are discussed in detail below.

**Social System and Mobility:**

Veblen (1934) in his *Theory of Leisure Class* observes that the system of social stratification is a fundamental source of mobility motivation. To be more precise, the stratification pattern determines the nature, pattern, and extent of mobility. Hence, caste, class, sex, race, religion, in one way or the other exerts influence on the mobility process.

The social system is made up of various subsystems, such as the political system, economic system, religious system, educational system etc. All these subsystems influence the whole process of occupational mobility in its intensity and direction.
Political System and Mobility:

The intensity of mobility varies from one political system to another. Several scholars like Fox and Miller (1966), Donald Kubat (1963) and Sorokin (1964) have correlated mobility with the political system.

Fox and Miller (1966) after an indeapth analysis of intra-generational changes in 12 different countries has come to the conclusion that, under similar conditions, politically stable democracies may produce high rates of both upward and downward mobility. This may be due to the fact that democratic societies offer equal opportunity to all the citizens irrespective of their class, caste, sex, race and religion to move up the social ladder. In other types of political systems this may not be possible.

Sorokin, giving an example of the Russian revolution has analysed the part played by political upheavals in generating vertical mobility. In his opinion, vertical mobility is far greater during revolutions than in a period of peace.

The value system, sets of beliefs, and ideology, held by a political party of nation has also a role in developing the national culture. Kubat (1963:211) writes that, the ideology of Soviet Marxism does not further a mobility ethos. It rather seeks to foster conditions where distributions between occupations are minimised.
The Role of Demographic Factors in the Occupational Mobility:

The demographic factors and processes such as urbanisation, fertility behaviour, birth order, migration and family size play a very important role. Some of these factors are intrinsic to society. Sorokin calls these factors as primary factors. These factors encourage the social mobility but also makes the process inevitable.

Fertility and Mobility:

The relationship between social mobility and fertility behaviour has been the focus of numerous investigations. Dumont’s theory of 'social capillarity' stresses the part played by demographic factors in encouraging mobility. According to Dumont (cited in Perrucci, 1967: 615) says: "Just a column of liquid has to be thin in order to rise under the force of capillarity. So a family (of procreation) must be small in order to rise in the social scale".

Therefore, a smaller family rises up faster in the social hierarchy, whereas a larger family rises very slowly. Social climbing becomes easy and faster if the burden of the family is less, while social climbing is hindered and becomes slow if the family is large.

Kantner and Kaiser (1954: 69-103) in their recent study found that, the families of the socially mobile (intergenerational in terms of educational level of sons compared to their fathers when the former were six to sixteen years old)
were smaller in terms of births per 1000 couples. Thus, lower fertility and the small family size are responsible for upward mobility of persons. Hence, these scholars correlate the mobility process with the family size and fertility behaviour.

The desire to improve one's position or desire for upward mobility is an important motivation in limiting family size by consciously controlling the number of children. In this connection, the observation made by the Royal commission (1973) is very important. It points out that, children are a strain on time, money and effort which many parents feel could otherwise be used to rise in the social scale.

In a empirical study of Australian university teachers, Tien (1961: 247-257) found that there was larger time interval between marriage and birth of first child for the socially mobile couples, as compared to the socially non mobile.

Perrucci (1967: 615-625) in his study of engineers, has examined the social origins, educational level and career mobility in relation to a series of events concerning fertility. He has reported that career mobility was positively related to time interval between college graduation and birth of the first child. Those having more children are hindered in the process of upward mobility but also limits the life chances of their children.
Many studies clearly show that the better educated and upwardly mobile children of the lower classes tend to come from small families.

Blau and Duncan (1969: 349) demonstrate how a man's occupational success is impeded by too many siblings. The socio-economic status of men with three or fewer siblings is considerably superior to that of a man with far or more siblings. With regard to the size of family and the educational attainment, they found that small families attain higher educational levels and a considerably higher occupational status, than men from families with five or more children. Children coming from small families complete high school education, whereas those who came from large families often drop out of school at the legal age. The children coming from big families are expected to share the total parental resources with other children. Only wealthy families can provide education to all, irrespective of its size. In other words the size of the family, and number of children in no way constrains only wealthy families. The poor families who are burdened with more children, generally fail to provide good education and deny upward mobility channel to their offspring. In such circumstances only few have to study and continue their education at the cost of others.

**Education and Mobility**:

The role of education in social climbing is investigated by many scholars. Educational institutions such as schools, often
work as channels of upward mobility. But, the role of education as a determinant of upward mobility varies from society to society, and time to time, in the same society. In advanced societies which are, achievement oriented, meritocratic, and relatively open industrial society, education generally plays a predominant role. Because one's place in occupational place is often determined by education and training that he receives.

Sorokin (1964: 170) therefore rightly says: "without university or college education graduation, an individual cannot factually (in some European countries even juridically) be appointed or obtain any prominent place among the high ranks of government or of many other fields; and contrariwise, a graduate with a brilliant university record is easily promoted and given a responsible position, regardless of his origin and family".

Yet another scholar Burdge (cited in Sorokin, 1964: 181) declares: "The more education a boy has the more likely he is get into the professional, clerical and retail business occupation. The less education a boy has the greater his chances are becoming a laborer".

Educational qualification can be viewed as neutral criterion for occupational entry. Hence, the educational qualification of an individual determines his occupational status. Therefore, we can say acquisition of education is not only necessary, but is the first pre-requisite for any upwardly mobile person.
However, the acquisition of education is often determined by the system of stratification. In other words, all the members of the society cannot have equally accessibility to education. In European countries, some of the upper lower classes and lower classes, in terms of Warnarian classification, and in the Indian context, certain minorities and scheduled castes and tribes and women, generally tends to have less accessibility to education. In this context Sorokin (1964; 169) writes: "The institutions for training and education, whatever their forms may be, have always been the channels of vertical circulation. In societies where the "schools" are accessible to all members, the school system represents a "social elevator" moving from very bottom of a society to its top. In societies where the schools generally, or the privileged kind of schools, are accessible only to its higher strata, the school system represents an elevator moving only within the upper floors of a social building and transporting up and down only the dwellers of these upper stories. Even in such societies, however, some individuals from the lower layers always have succeeded in slipping into the school elevator and, through it, in climbing".

Comparing the uneducated with the educated, one can confidently observe that education brings vertical upward mobility. Even among educated, the higher educated have more chances of reaching higher occupational strata than the less educated. Thus, inter generational vertical upward mobility is the effect of education. Even the career mobility pattern of
an individual to a great extent is determined by his educational level.

Golthrope (1970: 104-105) in his *Social Stratification in Industrial Society* asserts how the opportunities for upward career mobility are progressively diminished by low educational levels. In his opinion, the criteria for job promotion is closely linked to educational performance.

**Industrialisation, Economic Development and Mobility:**

Numerous scholars have correlated the twin processes of industrialisation and economic development with mobility.

Lipset and Zetterberg (1959: 11-73) argue that the industrialised countries have a higher mobility rate because of rapid industrialisation. Generally, industrialisation brings about a radical change in the occupational structure and thereby fosters not only geographic mobility in the form of urbanward migration, but also occupational mobility.

Wontinsky and Wontinsky (1953: 177,425) have given an account of the structural changes brought about by industrialisation. They opine that, "When industrialisation begins, the proportion of workers employed in manufacturing and urban services rises, and the proportion in agriculture declines, not only because factory workers are recruited from rural areas but because the mechanization of agriculture permits worker to be released. Eventually manufacturing may employ more workers than any other economic sector. Then, as manufacturing
becomes more efficient, it needs relatively few workers to produce and more workers to serve. The economy in transportation, communication, trade, clerical and finance, governmental, professional and related areas.

Form (1968: 249) says that, industrial changes accelerate the geographic mobility of workers and increase the rate of job changes within and among industries.

Correlating level of industrialisation with intergenerational occupational mobility, Lipset and Bendix (1959) analyse the mobility rates of highly industrialised countries like USA, France, Germany, Great Britain, Italy and Japan. In their analysis they show that, the high mobility of a farmer's son due to urban manual jobs and those of the sons of urban manual workers into white collar occupations.

Sometimes, the difference in degree of industrialisation is likely to produce a difference in mobility rates. Form (1968: 252) in his article published in *Encyclopedia of Social Sciences* argues that, nations that are at the same level of economic development and are industrialising at the same pace, tend to exhibit similar rates of vertical mobility.

Even Marsh (1963: 565-75) linked industrialisation with mobility. He thoroughly examined the relationship between degree of industrialisation measured as the percent of males in the labour force engaged in the non-agricultural occupations, elite demand measured as the percent of labour force in two
highest occupational strata. He found that the proportion of elite and a middle class in society increases with industrialisation (Ibid: 575). There are several reasons for this. As societies undergo transition from a rural agrarian economy to an urban industrial complex society, large segment of the population must be recruited to fill the wide range of newly emerging occupations.

Besides, the structural changes undergone by the industrial society, there are also other feature which make possible vertical mobility. Karr Harbison et.al., (1960: 92-122) in Industrialisation and Industrial Man say that, an industrial society is an open community which encourages occupational and geographic mobility. It is competitive and flexible. It is against tradition and statuses based upon family, class, religion, race and caste. In an ascription oriented society, these factors count a lot and determine the chances in life.

Hence, Golthrope (1970: 99) has rightly called an industrial society as meritocratic. While in ascription oriented societies the values promote, immobility and stangency, but in an industrial society these are replaced by achievement oriented values which often stress on an individual's achievement, intelligence, etc. Thus the increasing importance of achievement over ascription not only fosters mobility but also generates a mobility ethos.
Similarly, many attempts have been made by scholars to investigate the pattern of association between mobility and economic development. William Form (1968: 252) says that "Nations that are at the same level of economic development and are industrialising at the same pace, tend to exhibit similar rates of vertical mobility".

Lipset and Bendix (1959: 13) too similarly observe: "social mobility is related in many ways to the expansion of industrial societies".

However, some comparatively recent studies have questioned this argument. Tyree, et.al., (1979: 410-24), suggest that the level of economic development alone is not sufficient to generate differences in mobility. In their opinion, it is the structure and the positions and rewards, the shape of stratification system, etc., that explain the variations in status attainment. Fox and Miller (1965: 76-93), after analysing intergenerational changes for 12 different countries, have come to a similar conclusion that although economic factors are important, they are not the unique determinants of mobility and that they do not operate in such a simple way.

Migration and Mobility:

Migration is one of the important demographic, social processes. It is also associated with mobility process. Hence, many demographers consider migration as one of the significant components of urbanization. Hence, naturally it has caught the attention of many scholars.
Wilber Buck and Sugiyama Lutaka (1969; 350) in their article 'Rural-Urban Migration: The Controversy on Latin America' have analysed the contribution of rural to urban migration to the mobility process. The data collected by them with reference to Argentina, Brazil, and Chile, the three Latin American countries, indicates that, rural migrants tend to be upwardly mobile in urban areas, although they might not reach the occupational levels attained by urbanites (Ibid: 350).

Similarly, Blau and Duncan (1969; 348) claim that: "Urban migrants are more likely to occupy desirable occupational positions and to have moved up from the socio-economic status of their fathers than nonmigrants. Migration to urban areas brings occupational success more often than migration to rural areas" (Ibid: 350).

Lipset and Bendix (1959: 204) in their well known work Social Mobility in industrial Society observes that: "... the related processes of urbanization and migration are major sources of social mobility...migration from rural areas and smaller communities to metropolitan centers influences the placement of people in the occupational structure in the same way that large scale migration once did".

But, their view is somewhat different. In their opinion the rural migrants occupy a lower occupational level in urban centers as the urbanites move socially upward. They presume that, in comparison with urban centres, rural areas have fewer educational
facilities and possess a less differentiated occupational structure. This situation restricts rural youths' knowledge of educational and occupational opportunities in urban centres to which they migrate. Thus rural youth enter the urban labour force in the lower strata and remain there because they have a narrow range of knowledge of opportunities, low levels of skills, low education and occupational aspirations.

II) EVOLUTION OF THE CONCEPT

This sub section provides the brief summery of the historical evolution of the term 'entrepreneur'.

By the early sixteenth Century, the term 'entrepreneur' was used to refer to men engaged in leading military expeditions. After 1700 the same term was used to refer to road, bridge, harbor, and fortification contractors. It was later used to refer to architects. *Oxford English Dictionary* (1897) defined the term entrepreneur as the director or manager of a public musical institutions, one who 'gets up' entertainments, especially musical performance.

After the early French political economists, many scholars, intellectuals belonging to various academic disciplines viz.; Economics, Sociology, Social Psychology and Anthropology struggling hard to define the term. Unfortunately, no consensus has so far emerged. The 'entrepreneur' concept
still remains controversial and vague. William Baumol (1968: 64-71), lamented that the economic theories has failed to provide a satisfactory analysis of either the role of entrepreneurship or its supply. Baumol (Ibid: 1968) in his article, "Entrepreneurship in Economic Theory" rightly observed that, the subject of entrepreneurship is conceptually elusive and the term has not always had a clear theoretical content.

The definitions given by these scholars and intellectuals casts light on the different aspects and dimensions of an entrepreneur's functions. Some scholars, thought of entrepreneurs primarily as innovators, while some thought of him as bearer of risk, mobiliser, or co-ordinator of the factors of production. Further, some consider him as a agent of change. Thus, the plethora of definitions given by them can be categorised into three broad groups.

I. Classical

II. Neo-Classical

III. Modern views.

I. Classical Views:

**Entrepreneur - A Risk Taker**

Richard Cantillon was an early systematic political economist. His work *Essai Sur la nature en general* was published in 1755 which drew attention to 'entrepreneur' as a technical term. He was probably the first person to initiate discussion on the term Entrepreneur and studied the term entrepreneur scientifically. He categorised the inhabitants of a
country into two classes, other than the Princes and landlords.

1. entrepreneurs including farmers, and merchants, and;
2. hired people.

Although, the categories are not clearly spelled out, he distinguished between the 'owner' and the 'entrepreneur'. Entrepreneurs carry on the production and exchange of some goods at some risk, facing the possibility of bankruptcy when the demand for their products is depressed.

In his *Essai Sur la nature du commerce generale* (1931) Cantillon, asserted that, almost anyone engaged in an economic activity was an entrepreneur. His views were criticised on the ground that he emphasized much on the element of risk and uncertainty and did not include many other aspects of entrepreneurship in his perception.

Frank H. Knight (1921) in his *Risk, Uncertainty and Profit* described an entrepreneur as a person who takes decisions under the condition of 'risk' and 'uncertainty'. Classifying 'risk' and 'uncertainty', he says that, a 'risk' which can be covered through insurance is an ordinary risk, whereas, 'uncertainty' is also a risk, which can neither be evaluated nor be insured. His concept of an entrepreneur meets these risks which are in calculable.

In other words, Knight's entrepreneur is the economic functionary, who undertakes such responsibility as by its very nature cannot be insured, nor capitalised, nor salaried.
Knight brought precision, accuracy to the concept and connected it to economic dynamics.

Adam Smith's in his well known book *An Enquiry into the Nature and Causes of the Wealth of Nations* did not differentiate an entrepreneur from a capitalist. To him, the accumulation of capital was the essential function of the undertaker, the master or merchant. Adam Smith (1912) categorised three types of people: persons who live by rent, those by wage, and lastly those who live by profits. Although, he had no idea and clear conception of the entrepreneur's role and function. He placed more stress on the importance of the business class. His entire philosophy in 'Wealth of Nations' was oriented to the significance of the entrepreneurial class. He firmly believed that, each individuals would unwittingly add to wealth and welfare of society by furthering their own selfish ends.

J.B. Say (cited in Hoselitz: 1951) in the 17th century viewed the entrepreneur as one who brings together the factors of production and combines them into a product. In other words, the entrepreneur is responsible for bringing together the raw products, tools of production, necessary skills, and workers and for seeing that result in the desired large scale contract or public works product. J.B. Say was the first economist to differentiate the function and remuneration of the entrepreneur from that of a capitalist. Say's entrepreneur, thus combines various factors of production and produces a socially valuable
product. Specifically speaking, he directs the acquired knowledge to manufacturing of a good for human consumption. For this reason he puts the entrepreneur into the centre of both the productive and distributive theory. On the contrary the role of a capitalist is confined to financing the enterprise. Jean Baptiste Say (1816: 28-29) in his *Catechism of Political Economy* defines the entrepreneur as an economic agent who "unites all means of production - the labour of one, the capital or the land of the others". Throughout his analysis he stresses the importance of human initiative in economic development.

Meenakshi Tyagarajan (1959: 137) while commenting on the Say's contribution observes, ".... in his theoretical analysis, Say does not consider the entrepreneur as a factor of production. Only three factors are recognised - industry, capital and land. Industry includes both the labourer and the entrepreneur. However, he refers to the entrepreneur as distinct on the one hand from the capitalist and on the other form the labourer".

In a sense, Say's entrepreneur cannot be a factor of production, because he is outside of the productive process. He is the motive force of the economic order initiating the production by combining factors and presiding over the distribution of the returns. Thus, while being central to production as well as distribution, he is not a factor thereof, but rather is even more vital as the external agent or engineer.

Edwin Gay (cited in Cole Arthur, 1946: 4) in pointing out another loophole of this analysis, says that his analysis
fails to emphasize the spirit of adventure and the element of innovation. Hence, he made complete formulation of entrepreneurial function is impossible.

John Stuart Mill ( cited in M.C.Gupta, 1987: 27 ) popularised the term 'entrepreneur' in England. He was influenced by J.B.Say and J.S. Mill. He laid more emphasis on "superintendence, control and direction". His definition of the term seems to be narrow. Because, it only defines the function of management and administration. He also reduced the role of entrepreneur to merely that of a manager. To him, an entrepreneur is merely a manager.

Capitalism developed in England prior to the Seventeenth Century. Even the industrial revolution, one of the significant events in the history of mankind started in Britain. The British scholars seems to have failed to develop systematic definition of entrepreneurship. Meenakshi Tyagarajan ( 1959 : 135 ) while giving reasons, says, "The absence of any notable contribution by English Economist to the theory of entrepreneurship is conspicuous. This is often ascribed to the industrial environment in England, where the lack of credit facilities made the possession of capital a necessary prerequisite for the starting of an enterprise and clouded the pure entrepreneurial function ".

Further, she says, " But this does not explain why similar circumstances, the continental economists displayed conceptual
clarity”. According to other scholars, the lack of an adequate term corresponding to the French term 'entrepreneur' is another reason. Many of the English terms such as undertaker, projector, enterpriser, master, manager and adventurer have been tried, but none of these terms have quite the same flavour as the French term 'entrepreneur'. Owing to the inadequacy of the English language the term 'entrepreneur' has succeed in entering English literature and has become a part of the vocabulary of Economics.

The One assumption of all English theorists of this period was that the economy operated in a state of equilibrium, within the framework of perfect competition. Hence, under the state of equilibrium there was no room for a risk taker. Also, because of this reason there was no scope for this word in the English language.

Ramsay (cited in Meenakshi Tyagarajan, 1959: 139), whose work An Essay on the Distribution of Wealth published in 1836 was probably the first English Economist to draw attention clearly to a fourth factor of production of manufacturing process. He notes that, as the production process becomes more complicated, there arises "another set of men" who are distinct from the capitalist and common labourers. They head the agricultural, commercial, or industrial establishments and who in turn receive a reward for their peculiar sort of labour and for the risks involved.
II. Neo-Classical Views:

The conceptual developments and thoughts coming under this category developed largely on the basis of the older generations that has been discussed under the heading of Classical Views.

One of the important development during this period was that, the distinction between entrepreneur and capitalist. Changing methods of business and finance produced an increasing number of instances in which capitalists were not entrepreneurs, though, some times, both the entrepreneurs and capitalists were carrying out the same type of functions.

Walras (Cited by Schumpeter, 1959: 89-105) defined the entrepreneur as an agent who buys raw materials from other entrepreneurs, hires land from other land owners, has a personal aptitude for work, purchases capital goods from capitalists and sells the products. He identified the entrepreneur as the fourth factor of production and one who hires the other three - land, labour and capital.

Assessing the characterisation of an entrepreneur, the economist William Baumol (1968: 64) says that, in the writings of classical Economist an entrepreneur's appearance was frequent, though he remains a shadowy entity without clearly defined form and function. But, Schumpeter and, to some extent Knight succeed in assigning the entrepreneur a specific area of activity.
Alfred Marshall (1934) has defined the term 'entrepreneur' in comprehensive manner. He assigns, risk bearing and management as the main functions of an entrepreneur. In his book Principles of Economics he defines that, "Entrepreneur is an individual who 'adventures or' undertakes' risks, who brings together the capital and the labour required for the work: who arranges or engineers its general plan, and who superintends its minor details."

In comparatively small firms, the functions listed by Marshall seems to be concentrated in an entrepreneur. But, in big or large firms, an entrepreneur along with others governs, manages, and controls the firm and ongoing events. They may not necessarily be risk takers.

The Entrepreneur as an Innovator:

Schumpeter's concept of an entrepreneur, is not only realistic but also accurate. For the first time he attributed the human character at the centre of the process of economic development. He assigned a critical role to the entrepreneur in his theory of economic development. He says that, development is not an automatic process, but must deliberately, and actively be promoted by some agency within the system. Schumpeter called the agent who initiates the above changes as an entrepreneur. He is the agent who provides economic leadership that transforms the initial conditions of the economy. Hence, he is a prime mover in the process of economic development.
In his classical contribution *Theory of Economic Development*, his main emphasis on innovation, provided a new orientation and perspective to entrepreneurial theory. He linked innovation to the entrepreneur and throughout his analysis he maintained that the source of private profit is linked to successful innovation. The entrepreneur, according to Schumpeter (1934: 66), is an innovator, and one who carries out new combinations. These include five cases.

1. the introduction of new goods.
2. the introduction of new production function:
3. the opening of a new market:
4. the conquest of a new source of supply of raw materials; and
5. the carrying out of a new organization of an industry.

An entrepreneur, according to Schumpeter (1947: 149-59), is one responsible for "the doing of new things or the doing of things that are already being done in a new way" Dwijendra Tripathi (1985: M-164) rightly called him as the 'father of the entrepreneurial theory'.

Schumpeter's theorisation on entrepreneurs raised several questions and criticisms.

Redlich (1955: 62) opines that in the initial stage of industrialisation the criterion of innovation is not easy to apply. Thus he finds fault with the definition especially when
being applied to empirical situations. Innovation is not a strict polarity to derivation— but the one shades into the other by degree. Every businessman, in coping with his enterprise, must some times attempt things which are new to him.

Continuing further, Redlich (1952: 76) in 'A New Concept of Entrepreneurship', in *Explorations in Entrepreneurial History* questions the rationality of applying the term only to successful entrepreneurs. He observes that this definition does not cover the entrepreneurs who have tried innovation but have failed to be successful. How far does the definition which stresses so often on the innovative quality takes into account these entrepreneurs?

Schumpeter and Cole collaborated each other to establish the 'Research Centre in Entrepreneurial History' at Harvard in 1948. Within a short time they produced a number of theoretical and empirical studies. These activities led Cole to modify the Schumpeterian model to a certain extent.

Cole (1959: 7) in his *Business Enterprise in Its Social Setting* instead of concentrating on the individual actors, he equated entrepreneurship with managerial functions with a purposeful activity or integrated sequence of decisions of an individual or group of individuals who undertake to initiate, organise, or aggrandise a profit oriented business unit for the production or distribution of economic goods and services.
Coles' views, according to D. Tripathi (1985: M164), was a logical extension of the Schumpeterian schema. But, his definition was much broader than that of Schumpeter.

III | MODERN VIEW

The preceding definitions on 'entrepreneur', and 'entrepreneurship' framed by academicians come from developed nations. They keep in view the entrepreneur of developed countries, whose scale of operation is large. Secondly, these academicians were more or less unaware of the problems and situations which existed in the Third world. But, some attempts were made by modern school of thought to fill this gap. It adopted a more practical approach in understanding the concept and tried to define the entrepreneur in new light.

Entrepreneurship in an underdeveloped economy, according to Peter Kilby, involves a wide range of activities which includes, interalia, perception of market opportunities, combining and managing the factors of production and introduction of the production techniques and products.

Entrepreneurship, according to Stepanek (1962, 9-10), is the capacity to take risk, ability to organize and desire to diversify and makes innovation in the enterprise.

According to Higgins (quoted in Tandon: 1975,43), entrepreneurship is meant for the function of seeing investment
and production opportunity, organizing an enterprise to undertake a new production process, raising capital, hiring labour, arranging the supply of raw materials, finding a site, introducing new techniques and commodities, discovering new sources of raw material and selecting top managers for the day to day operation of the enterprise.

Harvey Lebenstein (1968:73) in his article "Entrepreneurship and Development" has defined entrepreneurship "activities involved in co-ordinating and carrying on a well established, going concern in which the parts of the production function in use (and likely alternatives to current use) are well known and which operates in well established and clearly defined markets.

Considering the entrepreneur as a powerful agent of socio-economic change Carroll (1965:2) in his The Filipino Manufacturing Entrepreneur defined an entrepreneur "the individual who performs the leading or co-ordinating function in bringing a new industrial enterprise into existence".

III] OBJECTIVES

In the context of the above discussion pertaining to the theoretical frame of the present study, the main objectives may be specified as below:

1. To trace the socio-economic origins of small scale industrial entrepreneurs.
2. The present research will also attempt to study and understand the dynamics of inter-generational and intragenerational occupational mobility (career mobility).

3. It will attempt to assess the effectiveness of the role played by certain contributing factors in the upward mobility process.

4. It tries to investigate the inter-generational educational mobility pattern of small scale industrial entrepreneurs.

5. It will try to cast light on the nature of association between socio-economic background and the selection of product line, organizational structure, etc.

6. The study tries to evaluate the performance of entrepreneurs in terms of turnover, product diversification, market expansion, capacity utilisation, etc., and establish the relationship between performance and causative factors.

7. It also aims at assessing the difficulties and problems faced by industrial entrepreneurs at various stages.

8. Finally an attempt is made to suggest the guidelines for the healthy growth and development of small scale industries in the study area.
IV) HYPOTHESES

The present study attempts to examine the following hypotheses.

1. The extent of inter-generational occupational mobility is not only affected by the caste of the entrepreneur involved in the mobility process, but also by his educational level.

2. The accessibility to education varies with the entrepreneur's caste, father's education and family occupation. Due to this variation in accessibility to education, different classes of people use different channels to enter into the industrial line to ascend the social hierarchy.

3. The educational level of the entrepreneur is positively correlated with upward mobility and negatively with the downward mobility.

4. The performance of the small scale entrepreneur is influenced, if not affected by his socio-economic background. In other words the caste, educational background and the family occupation of the small scale entrepreneur, in one way or other way affects his performance.

V ] VARIABLES-INDEPENDENT AND DEPENDENT

The core of the thesis has three chapters which are based on empirical investigation. Each chapter has a separate set of independent and dependent variables. The main independent variables are: Caste/Religion, educational level, family occupation, father's occupation, nativity and family size.
This study attempts to consider the analysis of data in the following manner.

Chapter four, casts light on educational mobility pattern and entrepreneur's inter-generational and intra-generational occupational mobility pattern. As far as educational mobility pattern is considered father's occupational and educational status, family's occupational status, caste/religious background are treated as independent variables and educational level of offspring as dependent variables. Similarly, while assessing occupational mobility pattern of the offspring, occupational status of offspring was treated as dependent variable and father's principal occupational status as a independent variable.

Similarly, in chapter five, age of entrepreneur at the time of entry, was treated as a dependent variable and his educational background, and previous occupational status, and nativity as independent variables. In the second part of this chapter caste/religion, family occupation, educational background considered as independent variables and product line, organizational structure chosen are considered by entrepreneur as dependent variables.

Chapter six assess the entrepreneurial performance. The performance of respondents in the areas of product addition, capacity utilisation, yearly turnover, market expansion, visit to other units and number of new entrepreneur's created and promoted treated as dependent variables and his educational
level, caste/religion, family's occupational background, his previous occupational background as independent variables. Thus, different chapters have different sets of dependent and independent variables.

**V ] KEY CONCEPTS**

In this research study certain key concepts have been used for the purpose of collections and analysis of data such as,

**Small Scale, Tiny and Ancillary Industry**

It is used to classify industrial units on the basis of their investment in terms of their capital. Thus on this basis the following types are arrived at.

Industrial undertakings having investment in fixed assets in plant and machinery, not exceeding Rs. 5 lakhs are considered as Tiny industries (TIs). Industries with an investment, not exceeding Rs. 50 lakhs and Rs. 60 lakhs, respectively, are considered as small scale industries (SSIs) and ancillary industries (AIs). This definition is based on the norms adopted by the government of India for classifying small scale Industry.

**Entrepreneur**

Entrepreneur means the owner-manager of small scale industrial unit.

**Entrepreneurship**

Entrepreneurship is used here to refer to a set of attributes which the entrepreneur possesses and of a set of activities which he performs in relation to the expansion of his units.
Small Scale Entrepreneur

A Small Scale Industrial Entrepreneur is one who is engaged in manufacturing, processing of goods and has invested 50 lakh rupees in plant and machinery.

VI) LOCALE OF THE PRESENT RESEARCH

The twin cities of Hubli-Dharwad, is the present locale of the study. It is the third largest city in Karnataka state, according to 1991 census.

It occupies the third place in terms of population, industry, commerce, and trade activities. Dharwad is the District Head quarters, and together with the Hubli, constitutes a twin city with a common municipal Corporation for the purpose of common civic administration. This came into existence the year 1962.

Hubli which is a part of twin city, is located on the latitude IS' 20° and longitude East 75° 13'. This is situated at an altitude of about 2150 feet above mean sea level.

Hubli city has a warm and healthy climate. Summer season is generally hot and the maximum temperature is felt during the month of April and May. The average annual maximum temperature in the city is 86.8 °F. Similarly, a minimum temperature of 67.09 °F is in the month of December.

The rainfall is spread over a period of about 5 months from June to October, with occasional heavy showers in May or
DHARWAD DISTRICT
LOCATION OF HUBLI - DHARWAD CITY
November. But the city receives its highest showers in the month of July. The average rainfall is 26 "

Dharwad which is other part of the twin city, is situated at IS' 25 ° latitude and 75 East longitude and at an altitude of 2580 feet above mean sea level. Dharwad city is built on a range of several hills and is often described as a hill station. The flora and picturesque surrounding of the city are actually situated in the transitional belt between the Malnad tracts ( hilly area ) and Maidan ( plain area ) tracts. It is often considered as a semi-Malnad region (Gazetteer of the Bombay Presidency 1884 Vol-XXII, Dharwar).

The climate of the city is pleasant, moderately cool and healthy all round the year. Owing to its cool and pleasant climate it is often described as "Chota Mahabaleshwar"

The average rainfall of Dharwad city is 32.8" which is greater than the average rainfall of Dharwad district, which is only 27.23". The maximum rainfall is from the South West Monsoon in the month of June and July.

The general wind direction is from East to West and from West to East with a maximum velocity of 10 miles per hour in the month of July.

A daily mean maximum temperature is 37.2° C and a daily mean minimum temperature is 28.8° C. It is recorded that Dharwad experiences a maximum temperature of 36.05° C in the month of
April and minimum temperature of 12.06° C in the month of December.

Historical Origin of the City:

The historical aspect of the commercial and industrial development of the study area may be briefly considered here. The Gazetteer of Bombay Presidency (1882) has provided some historical information of commerce in the city. The history of present Hubli city dates back to at least to eleventh century A.D. The oldest part of the Hubli city was established by the Vijayanagar kings. The wealth of the city attracted the invaders from the South who plundered the city several times and often left the city in utter ruins. Towards the end of the 17th century A.D. the city came under the control of Muslim family called 'Tarins'. The loyalty of this family, fluctuated according to circumstances. Ultimately, in 1818 A.D. the city was handed over to General Munro by one Phadke, a Commandant of the Peshwas. With the commencement of British rule the city began to have peace and tranquility. Since then, the city has emerged as a centre of trade, commerce, and industry. Further, in 1878 A.D Poona Bangalore Railway line passes through Hubli was in 1900 linked to Sholapur, another industrial city. During the same period the MarmGoa Bellary railway line also passed, connected to Hubli. The establishment of railway lines during British period too helped the city to emerge as an important centre of trade, commerce and industry.
During the colonial era itself, according to Dhekney (1959: 1-2), Hubli became famous for its weaving. In 1884, weaving appeared to be the largest industry providing employment to 1,425 families in the town. The year 1881 saw the establishment of the Maratha Spinning and Weaving Mill. Towards the end of the 19th century a number of cotton ginning and pressing factories come into existence. But the area was lacking in other supporting and prerequisite factors, such as the supply of capital, resources, entrepreneurial ability and technical skill. Hence, the industrial progress in Hubli was confined to export of raw materials like cotton and oil seeds. The early British traders had stationed their agent at Hubli to collect cloth manufactured by weavers in Hubli and in the surrounding villages and to export it to England. The Surat factory records of the Year 1673 mention Hubli as "The Mart of our Karwar factory".

The Gazetteer of Bombay presidency also traces the historical commercial development in Dharwad. The historical antiquity of Dharwad may be traced back to 12th century A.D. from the epigraph found in the nearby village of Narendra and at the old Durga temple with fort in Dharwad. The epigraphic records (Gazetteer of the Bombay presidency, 1884 vol.- XXII, Dharwar), found in and around Dharwar reveal that, in the First century B.C., parts of Dharwad District were under the rulers of Banavasi of North Canara District. Later for more than thousand years it was ruled over by various dynasties like the Kadambas
(Sixth Century A.D ),'the early Chalukyas and Western Chalukyas until 760 A.D., the Rastrakutas until 973 AD., and again Western Chalukyas from 973 to 1165 AD., Kalchuri from 1165 to 1184 AD., Hoysalas from 1192 to 1203 AD., the Deogeri Yadava Emperors from 1210 to 1295 AD Mohammad Bin Taghalaq, Muslim Rulers in 1310, and around 14th century Dharwar became a part of Vijayanagar Empire. Thus several Kannada Dynasties ruled over this region.

It was locally believed that, in the year 1403 AD, the fort of Dharwar was built by 'Dharrav' an officer of the Vijayanagar King 'Ram Raya' and the city is named after the builder of this fort ( Gazetteer of Bombay state - Dharwar district, 1959 : 78 ) but contrary to the above local belief, P.B.Desai in Kannada Historical Review ( 1957 : 6 ) opines that the name 'Dharwad' occurs very frequently on the inscriptions dated earlier to the period of 'Dharrav'. He writes, the name 'Dharwada' is derived from the two Sanskrit words, 'Dhara' or 'Dar' denoting door and 'wada' or waata' denoting locality. Therefore, he opines that, Dharwada means 'Gateway town' because of the fact that at Dharwar, the tolls were collected on the articles of trade passing from one region to another. Most of the trade passing through the port cities of Karwar, Kumata, and Bhatkal passed through Dharwar on its way to the capital city of Vijayanagar empire. Hence, the town become an important place for collecting taxes on goods passing through this territory.

In the year 1573, the town came under the sway of the Bijapur King Ali Adil Shah ( 1557 - 1579 ). Later on, for a short
period of time it was ruled over by Chatrapati Shivaji (till 1685 AD). Afterwards, it came under the control of Mughal rulers who ruled Dharwad between 1685-1753 A.D. Between 1753 and 1817 it was subsequently ruled by Peshwa Balaji Rao and Mysore Kings Hyder Ali and his son Tipu Sultan. On 13th June 1817, after a continuous struggle with Peshwas and Mysore kings the British managed to take possession of Dharwad. After the 'Treaty of Poona', the city was finally included in the British Presidency of Bombay. It then became the District Headquarters of Dharwad District and the Headquarters of the British Collector. This administrative position is still maintained.

1] COMMUNICATION FACILITIES

The Hubli Dharwad Municipal Corporation is provided with a wide communication systems like, telephone, telex, telegraph and television networks. The communication system has been instrumental in promoting the industrial as well as commercial growth, development of the twin cities. Thus the area has some of the basic facilities needed for industrial development.

2] TRANSPORT FACILITIES

The industrial and commercial growth of Hubli city during colonial era could be safely attributed to the revolutionary developments in the railway transport. The Poona-Bangalore railway line passed through Hubli in 1878. It was linked to Sholapur in 1900. The Marmagao-Bellary passed through Hubli during the same period. These developments converted Hubli into an important railway junction in North Karnataka.
Now the Hubli-Dharwad Municipal Corporation (referred as HDMC) is served by the South Central Railway with a total distance of about 25 kms. of broad gauge providing a vital transport facilities to the twin cities. The Hubli Railway station is a junction joining the railway link between Miraj city, Sholapur of Maharastra state and Guntakal of Andhara Pradesh, and Bangalore, capital city of Karnataka. The National Highway no 4 which runs North West to South West passes through HDMC area covering of total distance of about 25 kilometers. The road connects this city with important commercial cities such as Poona, Bombay of neighbouring Maharastra State in the North West and Bangalore of, capital city of Karnataka. Bombay, India's economic nerve centre, is located at a distance of 724 kms. from Dharwad city, North Eastern Costal town Karwar is 110 away from Dharwad.

Thus, a wide network of railway and road systems link the HDMC with many trade centres of Karnataka which facilitated the easy movements of finished goods, raw materials in and out of the city.

3. WATER AND POWER SUPPLY

The Malaprabha river project is the prime source of water supply to the HDMC area. It is served with power supply from two major hydro-electric projects namely Sharawati and Kali project.
Educational institutions provide skilled man power for engineering units and other small scale units, like accountants, technicians, managerial staff, etc., as the twin city is blessed with a substantial number of all types of educational institutions. There are two Universities, a branch of the Indira Gandhi Open University, engineering colleges, law colleges, college of education, ITIs, polytechnic institutes, commerce, arts and science colleges. Apart from these, there is a Technical Training Institute (NTTF) aided by the Swiss Government which provides specialised training in tools and die-making. The Gramodyoga centre provides training in handicrafts. The government of India has established Population Research Centre in Dharwad, which is one of the five Centres established in different parts of India. The city also has one dental college and the Karnataka Medical College. These educational institutions have made the HDMC area an educational nerve centre of this region.

However, inspite of all these basic infrastructural facilities, an important point to be noted is that, the District has remained industrially backward due to reasons beyond the control of the local entrepreneurs. Some of the negative factors which have come in the way of the rapid industrialisation of Hubli-Dharwad are as follows. Firstly, railway line passing through this area was meter gauge and is now only being converted.
into broad gauge. The result was that it hampered free movement of the traffic in goods. Besides, the twin city lacks a proper airport. Attempts are being made now to improve air traffic in the region. The result was that entrepreneurs could not evince interest from bigger entrepreneurs elsewhere.

Above all, the region was neglected industrially and economically due to its location. The District was at the Southern North tip of the former Bombay state and was a Kannada speaking area in a predominantly Marathi speaking state. After the reorganization of state in 1956 on linguistic basis, the region reverted to Karnataka but by virtue of its geographic position it has come to be located at the Northern-most tip of the state and is too far from Bangalore. Also the lopsided industrial policy brought about a concentration of industries only in the state capital. Due to all these factors the region has remained industrially backward.

However, in recent times the lopsided industrial development is being corrected by an industrial policy aimed at a uniform industrial development in the state. Hence, Dharwad was declared as "Industrially Backward" and several concessions and incentives have been given to promote entrepreneurship.

5 ] INSTITUTIONS AND ASSOCIATIONS CONCERNED WITH THE PROMOTION OF SSIs IN THE STUDY AREA

The state government and central government have opened a number of institutions for the benefit of small scale industries
in particular, and Medium Scale Industries and Large Industries in general. These are as follows.

1. Karnataka State Small Industries Development Corporation (KSSIDC)
2. District Industries Centre (DIC)
3. Small Industries Service Institute (SISI)
4. Technical Consultancy and Servicing Organization of Karnataka (TECSOK)
5. Karnataka Khadi Village Industries Commission (KVIC)
6. Karnataka Small Industries Marketing Corporation (KSMC)

All these agencies are assisting the industries, including small scale industries and village industries in providing technical, financial, marketing and brought co-ordination among banks and financial institutions, raw material supply, obtaining facilities and clearances from various government agencies and, Municipal corporations authorities etc. such as warehousing, tax concessions, power supply, subsidies, licensing etc.

The state government, in addition to above said agencies, have opened the regional and branch offices KSFC at Hubli for financing small and other industries. Many commercial as well as a wide network of nationalised banks, private financing institutions are serving the financial needs of SSEs.

The District Industries Centre (DIC), Rayapur is providing all facilities including infra-structural, registration of units for the development of all types of industries in the district.
Considering the time frame and the constraints that come in the way of research due to certain local condition, the researcher has set the following guidelines for the scope of research.

1. This study is confined to Hubli-Dharwad Municipal Corporation Area, which is the third biggest city of Karnataka state of India, for studying the emergence of small scale entrepreneur, his mobility pattern, performance, problems. Hubli, a well known commercial centre, is a taluka head quarter and Dharwad, is a District Head quarters and also a well known educational and cultural centre. This twin cities have varied commercial and industrial background. It was declared as industrially backward area. Hence, any industries established here are eligible for many incentives and concessions. All these factors have motivated local entrepreneurs to start an industry. Even the migrants, both intra-state and inter-state migrants, have actively participated in accelerating the process of industrialisation by establishing industries in this region. Hence, the process of industrialisation has gained a momentum. Further, this area has major development agencies like Karnataka Small Industries Development Corporation (KSSIDC), Small Industries Service Institute (SISI), Karnataka State Finance Corporation (KSFC), District Industries Centre (DIC) etc. and all the basic amenities required for an industrial centre
like industrial estate etc. All these factors have created conducive climate for the emergence of small scale entrepreneur. The regional language of Karnataka being the mother tongue of the researcher proved to be an advantage for making an in-depth and purposeful investigation at grass-roots level.

2. The scope of the research is limited to only small scale industrial entrepreneurs, who have made an investment up to sixty lakhs rupees in plant and machinery. In other words tiny, small scale, and ancillary entrepreneurs are covered. The study does not cover the export oriented entrepreneurs.

3. The study considers only industrial entrepreneurs. Hence, entrepreneurs engaged in service industries like xeroxing, automobile repairing etc., are kept outside the perview.

4. The study has selected only male entrepreneurs, as respondents of eliciting data on entrepreneurs as there are very few female entrepreneurs, whose problems are somewhat different and therefore, need to be separately studied.

5. It covers only the first generation entrepreneurs i.e., the entrepreneur should be an original founder of the unit. Hence, second generation entrepreneurs, for example, a son who is just managing his father's unit, are kept outside the present study. As in such cases the entrepreneurship is assumed to be "inherited". Besides, it also does not show individual initiative.
6. The present study also covers only small scale industrial entrepreneurs having sole proprietorship and partnership as their organizational structure.

7. The study also attempts to examines the entrepreneurs engaged in the manufacturing of five products groups, to facilitate an indeapth study.

VIII | SOURCE OF DATA AND DATA COLLECTION

The main sources of the data used in the present research are two:

I. Primary Sources
II. Secondary Sources

I : Collection of Primary Data

A. **Tools of Data Collection**:

In the present study, the primary data was collected with the help of structured, closed ended interview schedule, to facilitate computer analysis. It was specially framed for this purpose, keeping the objectives, hypothesis and theoretical framework in mind. The data pertaining to entrepreneur's socio-economic background, general information about the unit, their performance in various areas were directly collected from entrepreneurs using interview method and using above said structured interview schedule as a main tool.
The interview schedule is in four parts, namely

Section A : Part I : General Information about the Unit
Part II : Profile of the Entrepreneur
Part III : Entry into entrepreneurship

Section B : Theoretical Framework

Section C : Entrepreneurial Performance

Section D : Entrepreneurs problems

B.1 Sampling Procedure:

The universe of the study constitutes all the small scale industrial entrepreneurs in Hubli-Dharwad Municipal Corporation Area in general. The unit of the present study is the small scale industrial entrepreneur.

To estimate the actual size of the sample universe, a general list of small scale industrial entrepreneurs along with their addresses was prepared by collecting data from the available material from the following agencies:

1. District Industries Centre, Dharwad.
2. Inspector of Factories and Boilers, Hubli.

Keeping the scope of the present study in mind, the entrepreneurs were first stratified into five well defined categories. These are as follows.
Entrepreneurs engaged in the manufacturing of:

3. Polymer and Chemical Based Products.
4. Agro-based and food products.
5. Forest based products.

This categorisation is based on the one made by the Khadi and Village Industries Commission. It was adopted with slight modifications to suit the needs of the study. From each strata, by employing a simple random sampling technique, the primary data was collected from 127 small scale entrepreneurs. However, nine entrepreneurs provided incomplete information, in spite of the sincere request of the researcher. Therefore, they were kept outside the present analysis. Finally 115 entrepreneurs were included in this research study. The 115 respondents constitute the sample for providing the data.

Pilot Test:

The framed Interview schedule was first pre-tested on ten industrial entrepreneurs drawing two entrepreneurs from each product group. The interview schedule was modified and standardised on the basis of results obtained from this pilot study. The pilot study was conducted in the Belur industrial estate so as not to disturb the actual sample study area.
II ) Sources of Secondary Data :

The secondary data has been collected from Census reports, District Census Handbook, Economic Survey, Reserve Bank Bulletin, Reports on Currency and Finance, certain periodicals such as Laghu Udyog Samachar, SEDME, Economic Times and Books. In addition to all these published sources, the researcher also visited the District Industries Centre, Inspector of Factories and Boilers, Karnataka Small Industries Development Corporation, and North Karnataka Small Industries Association, to refer and collect some unpublished, up-to-date information.

IX ] LIMITATIONS:

The study is subjected to some limitations. The major limitation, as revealed in the field work, was the lack of reliable and accurate data on yearly turnover, entrepreneur's nativity, father's, and grand father's occupational and educational background. However, the researcher has made sincere attempts to overcome these limitations by cross checking the existing data from other available sources.

X ] STATISTICAL ANALYSIS

Statistical techniques such as, ratios, Yules Co-efficient Association, Chi-square Test, averages, correlation, etc., have been used to analyse various aspects of the problem used in the study.