A STUDY OF DETERMINANTS OF ENTREPRENEURSHIP AND ITS IMPACT ON MSME SECTOR SUSTAINABILITY IN MADURAI DISTRICT

THESIS SUBMITTED TO THE MADURAI KAMARAJ UNIVERSITY

FOR THE AWARD OF THE DEGREE OF

DOCTOR OF PHILOSOPHY IN COMMERCE

BY

BHARATH KRISHNA SANKAR

SUPERVISOR

Dr. A. MAYIL MURUGAN



MADURAI KAMARAJ UNIVERSITY

DEPARTMENT OF COMMERCE

PALKALAI NAGAR, MADURAI.

FEBRUARY – 2015

Dr. A. MAYIL MURUGAN M. Com, M.Phil, FCMA., Ph.D
Associate Professor,
Department of Commerce,
The Madura College (Autonomous),
Madurai,
Tamil Nadu.

CERTIFICATE

This is to certify that the thesis entitled ***"A STUDY OF DETERMINANTS OF ENTREPRENEURSHIP AND ITS IMPACT ON MSME SECTOR SUSTAINABILITY IN MADURAI DISTRICT"*** submitted to the **MADURAI KAMARAJ UNIVERSITY,** for the award of the Degree of Doctor of Philosophy in Commerce is a record of original research work done by **BHARATH KRISHNA SANKAR,** under my supervision and guidance and the thesis has not formed the basis for the award previously of , in part or in full, for any Degree/ Diploma/ Associate ship/ Fellowship or any other similar title in this or any other University.

Place: Madurai

Date:

Dr. A. MAYIL MURUGAN

BHARATH KRISHNA SANKAR, M.Com., ACMA
Regn. No: P 9249,
Chairman and Managing Director,
Aparajitha Corporate Services Ltd,
10 Venkatraman Road, Kamala II Street,
Chinna Chokkikulam, Madurai 625 002

DECLARATION

I, **BHARATH KRISHNA SANKAR** hereby declare that the thesis, titled ***"A STUDY OF DETERMINANTS OF ENTREPRENEURSHIP AND ITS IMPACT ON MSME SECTOR SUSTAINABILITY IN MADURAI DISTRICT"*** submitted for the award of the Degree of Doctor of Philosophy in Commerce is a record of original research work done by me under the supervision and guidance of **Dr. A. MAYIL MURUGAN,** Associate Professor, Department of Commerce, The Madura College, Madurai, and that this thesis has not been submitted for the award previously of, in part or in full, for any Degree/ Diploma/ Associate ship/ Fellowship or any other similar title in this or any other University.

Place: Madurai

Date: **BHARATH KRISHNA SANKAR**

Countersigned

ACKNOWLEDGEMENT

I sincerely express my deep sense of gratitude to **Dr. A. Mayil Murugan**, Associate Professor, Department of Commerce, The Madura College, Madurai, for having given me expert academic guidance and constant encouragement for the successful completion of this research work.

I would like to convey my gratefulness to **Dr. V. Alagappan**, Former Registrar and Professor and Head (Retd.), Department of Commerce, Madurai Kamaraj University, Madurai for his suggestions in finalizing the report. I would like to place on record my sincere thanks to **Dr. R. Kannan**, Senior Professor and Head, Department of Sociology, Madurai Kamaraj University, Madurai for his idea of taking up an observational study with the entrepreneurs themselves as a part of this research work which proved to be invaluably helpful.

I am thankful to my mother, **Durgamma**, who was very keen that I consider a detailed study in the area of my interest, “entrepreneurship” and my friend, **Mr. I Daniel Selvaraj**, who constantly insisted on my taking up research.

I register my acknowledgement to **Mr. Nagaraj Krishnan** who by his adherence to the various determinants of entrepreneurship mentioned in this study, gave me the courage of conviction in the concept taken up for detailed research. His living as a model-entrepreneur, enabled me draw a lot on his qualities to list out the determinants - particularly the ‘driving’ and ‘propelling’ determinants of the study.

I am grateful to **M/s Neethimohan V** and **Rajesh K**, who not only supported the entire process of structured interviews with the entrepreneur respondents but also participated in all the nine workshops for observational study.

This study wouldn't have been complete but for the active co-operation, involvement and contribution of ten entrepreneurs of Madurai district, in addition to **M/s Neethimohan** and **Rajesh**. I would like to place on record my sincere gratitude to **M/s B Prasannan, R Dinesh Singh, N Neethiraj, K Saranyan, R Ramprakash, JK Muthu, S Praveen Kumar, J Thangapandi, V Srinivasan** and **S VarunVel.** The team of twelve entrepreneurs participated in the day long workshops and actively discussed their issues and debated solutions, thereby enriching my own learning process and providing me with valuable inputs for the study.

I am thankful to my aunt, **Ms. Raji Regupathy,** who supported me with the review of literature. I would like to specifically acknowledge, appreciate and thank my Executive Assistant, **Mr. R. Selvam** for the consistent and wonderful support extended throughout the project term and ensuring that the study gets completed in a smooth way.

I wish to thank **Mr. A. Balamurugan** of my office for his logistics related support on the report preparation and **Ms. R. Vennila** and **Shanlax Publications** for their excellent work in formatting, printing and binding.

I sincerely acknowledge all those who have rendered help in carrying out this research.

BHARATH KRISHNA SANKAR

CONTENTS

	LIST OF TABLES	**ix**
	LIST OF CHARTS	**xiv**
	LIST OF ABBREVIATIONS	**xviii**

CHAPTER	TITLE	Page No
I	**INTRODUCTION AND RESEARCH DESIGN**	**1-32**
	Introduction	1
	Statement of the Problem	3
	Review of Literature	6
	Objectives of the Study	27
	Methodology and period of the Study	28
	Limitations and Scope of the Study	29
	Framework of analysis	30
	Scheme of the Report	30
II	**MSME SECTOR IN INDIA – AN OVERVIEW**	**33-65**
	Introduction	33
	Classification of Micro, Small and Medium Enterprises	33
	MSME Sector Landscape in India	35
	MSME Sector Landscape in Tamil Nadu	46
	MSME Sector Landscape in Madurai District	51
	Determinants of the MSME Landscape	62
	Conclusion	64

CHAPTER	TITLE	Page No
III	**DETERMINANTS OF ENTREPRENEURSHIP – A FRAMEWORK**	**66-83**
	Introduction	66
	An Outline of Entrepreneurial traits	66
	A Framework for Entrepreneurial determinants	74
	Conclusion	83
IV	**ENTREPRENEURS' DEMOGRAPHIC PROFILE AND ITS IMPACT ON DETERMINANTS OF ENTREPRENEURSHIP IN MADURAI DISTRICT**	**84-139**
	Introduction	84
	Analysis of demographic profile	84
	Analysis of the Impact of Demographic Profile on the Determinants of Entrepreneurship	114
	Conclusion	137
V	**DETERMINANTS OF ENTREPRENEURSHIP IN THE PERCEPTION OF MADURAI DISTRICT MSME ENTREPRENEURS**	**140-218**
	Introduction	140
	Analysis of Enabling Determinants	141
	Analysis of Driving Determinants	178
	Analysis of Propelling Determinants	194
	Multiple Regression Analysis	208
	The Reliability and Validity of the Scale	214
	Conclusion	218

CHAPTER	TITLE	Page No
VI	**AN INTERACTIVE STUDY ON THE DETERMINANTS OF ENTREPRENEURSHIP WITH SELECTED MSME ENTREPRENEURS IN MADURAI DISTRICT**	**219-248**
	Introduction	219
	Expectations of Entrepreneurs and formation of Self Help Groups	219
	Establishment of frameworks of reference	221
	Entrepreneurs' Self Help Groups - ESH	223
	Clusters	239
	Engaging consultants for ESH Members	242
	International delegations for ESH Members	244
	Residential workshops for entrepreneurs	245
	Mentorship for entrepreneurs	246
	Minimum Viable Process and the way forward	246
	Conclusion	247
VII	**SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS**	**249-284**
	Introduction	249
	Summary of Findings	249
	Suggestions	268
	Entrepreneurial learning through Bloom's Taxonomy	275
	Conclusion	283
	Scope for Further Studies	284
	BIBLIOGRAPHY	**285-292**
	ANNEXURE	**i-xv**

LIST OF TABLES

Table No.	TITLE	Page No.
1.1	Key Statistics on Economic Contribution of MSME Sector	2
2.1	Manufacturing Sector MSME	34
2.2	Services Sector MSME	34
2.3	Performance of MSME – Employment/ Investments	36
2.4	Contribution of Manufacturing Output of MSME (Manufacturing sector) in the Gross Domestic Product (at 2004-05 prices)	37
2.5	Share of Top Ten Manufacturing industries in MSME Sector's gross output	39
2.6	Share of Top Ten Services industries in MSME Sector's gross output	40
2.7	Ownership structure of Enterprises in the MSME Sector in India	41
2.8	Split of MSMEs by Sources of finance	44
2.9	Vision of the Tamil Nadu MSME policy	47
2.10	Mission of the Tamil Nadu MSME policy	47
2.11	Trend in the growth of MSMEs in Tamil Nadu	50
2.12	Top Ten Industries best suited for Madurai district	56
2.13	Activity wise data of Registered MSME in Madurai district	57
2.14	Group wise distribution of Registered Micro and Small Enterprises and Artisan units in Madurai district in the years 1999 and 2009	59
2.15	Present status profile of MSME Sector in Madurai district	60
3.1	Entrepreneurial competencies framework	75
3.2	Interaction of various components of Emotional Intelligence	78
3.3	Determinants of Entrepreneurship	79
3.4	Enabling determinants of entrepreneurship	80
3.5	Driving determinants of entrepreneurship	81
3.6	Propelling determinants of entrepreneurship	82
4.1	Gender	84
4.2	Educational Qualification	85

Table No.	TITLE	Page No.
4.3	Age of Respondents	86
4.4	Marital status	87
4.5	Family type	87
4.6	Business nature	88
4.7	Industry focus	89
4.8	Business established-year	89
4.9	Marital status & the time of starting the organization	90
4.10	Family involvement in business	91
4.11	Father's/ Guardian's occupation	92
4.12	Other sources of income	94
4.13	Value of additional income	95
4.14	Monthly income range	96
4.15	Knowledge about entrepreneurial environment	97
4.16	Source of idea to commence business	99
4.17	Seed capital for business (own funds)	101
4.18	Seed capital for business (loan funds)	102
4.19	Own capital invested	104
4.20	Contribution to fixed capital	105
4.21	Borrowings from banks	105
4.22	Borrowings from other financial institutions	106
4.23	Borrowings from private finance/friends/ relatives	107
4.24	Skilled labour	108
4.25	Semi-skilled labour	109
4.26	Unskilled labour	110
4.27	Managerial staff	111
4.28	Typical demographic profile of an MSME entrepreneur in Madurai district	113
4.29	Impact of age profile on determinants of entrepreneurship	115
4.30	Impact of gender profile on determinants of entrepreneurship	116

Table No.	TITLE	Page No.
4.31	Impact of educational qualification on determinants of entrepreneurship	117
4.32	Impact of marital status on determinants of entrepreneurship	119
4.33	Impact of family type on determinants of entrepreneurship	120
4.34	Impact of nature of business on determinants of entrepreneurship	121
4.35	Impact of industry focus on determinants of entrepreneurship	122
4.36	Impact of year of business establishment on determinants of entrepreneurship	123
4.37	Impact of the time in which the organization was started (before or after marriage) on determinants of entrepreneurship	125
4.38	Impact of family involvement in business on determinants of entrepreneurship	126
4.39	Impact of father's/guardian's occupation on determinants of entrepreneurship	127
4.40	Impact of other sources of income on determinants of entrepreneurship	129
4.41	Impact of range of other sources of income on determinants of entrepreneurship	131
4.42	Impact of range of monthly income on determinants of entrepreneurship	132
4.43	Impact of the source of knowledge of entrepreneurial environment on determinants of entrepreneurship	134
4.44	Impact of source of idea to commence business on determinants of entrepreneurship	136
4.45	Summary of various demographic details and their impact on the determinants of entrepreneurship	138
5.1	Descriptive feeling about seed capital while commencing business	141
5.2	Descriptive feeling about current capital in business	148
5.3	Descriptive feeling about location of business	154
5.4	Descriptive feeling about manpower associated with the business	161
5.5	Descriptive feeling about the marketing dimension of the business	169
5.6	Descriptive feeling about accessibility factors related to business	178

Table No.	TITLE	Page No.
5.7	Descriptive feeling about social factors related to entrepreneurship	182
5.8	Descriptive feeling about motivational factors for entrepreneurship	189
5.9	Self-assessment on Applied Knowledge	195
5.10	Self-assessment on Business Management Skills	197
5.11	Self-assessment on Entrepreneurial Approach	199
5.12	Self-assessment on Personal Attitude	201
5.13	Self-assessment on Business related Attitude	203
5.14	Self-assessment on support and guidance received by an entrepreneur	206
5.15	ANOVA Table of driving determinants and entrepreneurship	208
5.16	Summary of the regression of driving determinants	209
5.17	Regression coefficient for driving determinants on entrepreneurship sustainability	210
5.18	ANOVA Table of propelling determinants and entrepreneurship	211
5.19	Summary of the regression of propelling determinants	212
5.20	Regression coefficient for propelling determinants on entrepreneurship sustainability	213
5.21	Estimation of Cronbach's coefficient alpha and CFA loadings for all the determinants of entrepreneurship sustainability	217
6.1	Five 'W' & One 'H' framework of ESH Monthly meetings	223
6.2	Stakeholders of ESH Monthly meetings 'Before-During-After' framework of ESH Monthly meetings	224
6.3	Five 'W' & One 'H' Framework for Attitude Development in ESH Meetings	226
6.4	Stakeholders and 'Before-During-After' framework for Attitude Development in ESH Monthly meetings	227
6.5	Five 'W' & One 'H' framework for Networking in ESH meetings	228
6.6	Stakeholders and 'Before-During-After' framework for Networking in ESH Monthly meetings	229
6.7	Five 'W' & One 'H' framework for Sharing of Learning Implementation in ESH Monthly meetings	230
6.8	Stakeholders and 'Before-During-After' framework for Sharing of Learning Implementation in ESH Monthly meetings	231
6.9	Five 'W' & One 'H' framework for Knowledge Enhancement	231

Table No.	TITLE	Page No.
6.10	Stakeholders and 'Before-During-After' framework for Knowledge Enhancement in ESH Monthly meetings	232
6.11	Five 'W' & One 'H' framework for Information updates	233
6.12	Stakeholders and 'Before-During-After' framework for Information updates in ESH Monthly meetings	234
6.13	Broad heads and contents to be covered for the entrepreneurs in the MSME Sector in Madurai district	235
6.14	Cross Learning Clusters	240
6.15	Belief system of an active cluster member	240
6.16	Cluster meeting etiquette	241
6.17	Five 'W' & One 'H' framework for International delegations	244
6.18	Way forward for 'Driving' determinants	247
6.19	Way forward for 'Propelling' determinants	248
7.1	Typical demographic profile of an MSME Entrepreneur in Madurai district	250
7.2	Summary of various demographic details and their impact on the determinants of entrepreneurship	252
7.3	Way forward for 'Driving' determinants	274
7.4	Way forward for 'Propelling' determinants	274
7.5	Levels and forms by which learning can happen through Entrepreneurs' Self Help Groups	276
7.6	Bloom's Taxonomy and Entrepreneurial Learnings	277

LIST OF CHARTS

Chart No	TITLE	Page No.
1.1	Top Five Economies of India based on GDP growth till 2013-14	2
2.1	Key Growth Constraints for MSMEs	43
2.2	Taluks in Madurai District	53
4.1	Educational Qualification	85
4.2	Age of Respondents	86
4.3	Business nature	88
4.4	Business established-year	90
4.5	Father's/ Guardian's occupation	93
4.6	Other sources of income	94
4.7	Value of additional income	96
4.8	Knowledge about entrepreneurial environment	98
4.9	Source of idea to commence business	100
4.10	Seed capital for business (own funds)	101
4.11	Seed capital for business (loan funds)	102
4.12	Own capital invested	104
4.13	Borrowings from banks	106
4.14	Skilled labour	109
4.15	Semi-skilled labour	110
4.16	Unskilled labour	111
4.17	Managerial staff	112
5.1	Feeling that "Seed capital was not enough"	142
5.2	Feeling that "Even without seed capital, one can start a business and grow"	143
5.3	Feeling that "Seed capital is important to gain credibility in availing loans"	143
5.4	Feeling that "Seed capital would enable solve teething trouble quickly"	144
5.5	Feeling that "Seed capital gives confidence and paves the way for sustained growth"	145

Chart No	TITLE	Page No.
5.6	Feeling that “Innovative ideas and a feasible business project will get in seed capital easily”	146
5.7	Feeling that “Loan for seed capital would be available at very low interest from commercial banks”	147
5.8	Feeling that “Current capital is adequate”	149
5.9	Feeling that one is “Hopeful of raising funds as capital from other sources”	150
5.10	Feeling that “Capital is effectively utilized”	150
5.11	Feeling that “Bank formalities are complicated; shortage of capital affects the business”	151
5.12	Feeling that “Loans are available only for short period and immediate repayments are insisted on”	152
5.13	Feeling that “Sufficient capital would give additional confidence”	152
5.14	Feeling that “The need of knowledge in financial management is important”	153
5.15	Feeling that “Location plays a significant role in business”	155
5.16	Feeling that “Appropriate selection of location saves costs”	155
5.17	Feeling that “Location plays a role in procurement of raw materials to support production”	156
5.18	Feeling that “Location support identifying the right type of labour needed for the business”	156
5.19	Feeling that “Location gives prestige to the business”	157
5.20	Feeling that “One shouldn’t invest a high amount in the location” of the Business	158
5.21	Feeling that “Location doesn’t matter; cheap land with wide area is generally enough”	158
5.22	Feeling that “Future expansion is to be considered while selecting location of the business”	159
5.23	Feeling that “Location is immaterial; maintaining product quality is sufficient”	159
5.24	Feeling that “Access to city limits is important for business”	160
5.25	Feeling that “Cheap labour is available”	162
5.26	Feeling that “Skilled labour is available”	162
5.27	Feeling that “People management knowledge is a major factor for success in business”	163
5.28	Feeling that “All recruited labour requires full-fledged training”	164
5.29	Feeling that “Training labour involves high costs”	164

Chart No	TITLE	Page No.
5.30	Feeling that “Labour migration affects the business substantially”	165
5.31	Feeling that “Labour is very supportive and trust worthy”	166
5.32	Feeling that “Tackling labour is quite easy”	167
5.33	Feeling that “Marketing my products/ services is easy”	170
5.34	Feeling that “There is a need to know more about the marketing function”	171
5.35	Feeling that “Schemes/ offers are necessary to push products”	172
5.36	Feeling that “Massive advertisement is necessary even if good quality is maintained”	172
5.37	Feeling that “Market expects Brand value”	173
5.38	Feeling that “Market expects variety”	174
5.39	Feeling that “There is huge competition from large scale organizations and MNCs in local markets”	174
5.40	Feeling that “Due to failure in marketing, many small scale industries have closed down”	175
5.41	Feeling that “My marketing strategy is excellent”	176
5.42	Feeling that “Sales personnel problems affect marketing”	176
5.43	Feeling that “Special market for MSME products is needed”	177
5.44	Feeling that “Retail/rural/online marketing by large scale organizations must be controlled for survival and rejuvenation of MSMEs	177
5.45	Feeling that “There is financial access to micro finance and other lending institutions”	179
5.46	Feeling that “There is access to information to exploit business opportunities”	179
5.47	Feeling that “There is access to adequate infrastructure”	180
5.48	Feeling that “There is access to technology”	180
5.49	Feeling that “There is access to business training”	181
5.50	Feeling that “There is access to markets”	181
5.51	Feeling that “There is good social acceptance as an entrepreneur”	183
5.52	Feeling that “Employees’ attitude towards my business is positive”	183
5.53	Feeling that “I have a good network outside business also”	184

Chart No	TITLE	Page No.
5.54	Feeling that “I have a good network in my business circles”	184
5.55	Feeling that “I have no class biases or prejudices”	185
5.56	Feeling that “My product/service is accepted well by society”	186
5.57	Feeling that “I am strongly influenced by our local culture”	186
5.58	Feeling that “I have a good network with local administrative authorities/ policy makers”	187
5.59	Feeling that “I have a gender bias”	187
5.60	Feeling that motivation comes from wanting “to enjoy my work”	190
5.61	Feeling that motivation comes from wanting “to increase my income”	191
5.62	Feeling that motivation comes from wanting “to add value to family business”	192
5.63	Feeling that motivation comes from wanting “to leave a legacy”	192
5.64	Feeling that motivation comes from wanting “to have a sense of security”	193
5.65	Feeling that motivation comes from wanting “to provide employment to family members”	193
5.66	Self-assessment on “Strategy”	195
5.67	Self-assessment on “Operations”	196
5.68	Self-assessment on “People Management”	196
5.69	Self-assessment on “Business skills”	197
5.70	Self-assessment on “Managerial skills”	198
5.71	Self-assessment on “Innovation”	200
5.72	Self-assessment on “Networking strengths”	200
5.73	Self-assessment on “Self-awareness”	202
5.74	Self-assessment on “Inter-personal relationships”	202
5.75	Self-assessment on “Burning desire to succeed”	204
5.76	Self-assessment on “Ability to handle statutory issues”	205
5.77	Self-assessment on “Financial strength as support”	206
5.78	Self-assessment on “Family support”	207
7.1	Bloom’s Taxonomy	275

LIST OF ABBREVIATIONS

B2B	-	Business-to-Business
B2C	-	Business-to-Consumer
CAGR	-	Compounded Annual Growth Rate
CFA	-	Confirmatory Factor Analysis
CII	-	Confederation of Indian Industries
CSF	-	Critical Success Factors
DIC	-	District Industries Centre
EC	-	Economic Census
ESH	-	Entrepreneurs' Self Help Group
GDP	-	Gross Domestic Product
HR	-	Human Resources
IFC	-	International Finance Corporation
IT	-	Information Technology
MNC	-	Multinational Corporations
MSME	-	Micro, Small and Medium Enterprises
MVP	-	Minimum Viable Product/ Process
NSIC	-	National Small Industries Corporation Ltd
OECD	-	Organization for Economic Cooperation and Development
QMS	-	Quality Management Systems
R & D	-	Research and Development
RBI	-	Reserve Bank of India
SIDCO	-	Small Industries Development Corporation
SME	-	Small and Medium Enterprises
SPSS	-	Statistical Package for the Social Sciences
SSI	-	Small Scale Industries
TIIC	-	Tamil Nadu Industrial Investment Corporation Limited
TUF	-	Technology Up gradation Fund
VRS	-	Voluntary Retirement Scheme
WTO	-	World Trade Organization

1.1 INTRODUCTION

In India, the Micro, Small and Medium Enterprises (MSMEs) sector plays a pivotal role in the overall industrial economy of the country. It is important to note that in addition to helping catalyse the growth of the economy, MSMEs feed large local and international value chains as well as local consumer markets as suppliers, manufacturers, contractors, distributors, retailers and service providers. They account for a large share of industrial units and contribute significantly to employment in the country[1].

Growing at 11.5 per cent a year, the MSME sector has been performing better than the overall GDP and overall industrial output. MSMEs are also effective vehicles for employment generation. The major advantage of the sector is its employment potential at low capital cost. India's cities have been experiencing the burden of a consistently growing population, comprising an ever-increasing proportion of migrants in search of employment and livelihood.

City infrastructure is already stretched and policy makers are seeking solutions to mitigate issues arising from migrant population growth. Rural MSMEs and those based outside of the large cities, offer a viable alternative for employment to local labour, hence presenting an opportunity for people to participate in productive, non-farm activities, without needing to migrate to urban areas.

As per available statistics[2], this sector employs an estimated 10.62 crores of people spread over 4.68 crores of enterprises with market value of fixed assets to the tune of Rs.12,69,338 crores. With adequate financial and non-financial resources, as well as capacity-building, the MSME sector can grow and contribute to economic development considerably higher than it is doing currently.

---

[1]IFC,World bank group, "*MSME finance in India - A research study on needs, gaps and way forward*", in partnership with Government of Japan, November, 2012

[2]Annual report 2013-14, Government of India, Ministry of Micro, Small and Medium Enterprises

TABLE 1.1

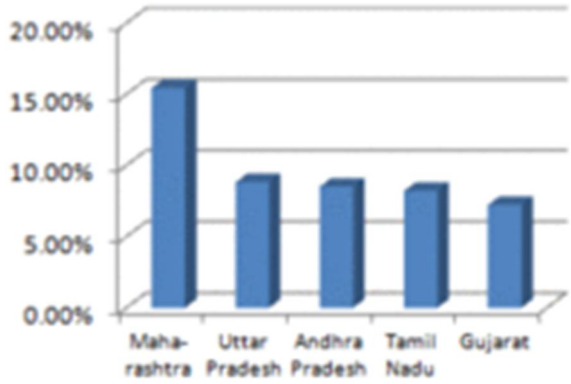
KEY STATISTICS ON ECONOMIC CONTRIBUTION OF MSME SECTOR[3]

Key metrics	
Share of	**Value**
Industrial units	95%
Industrial output	45%
Exports (in value)	40%
Gross Domestic Product (GDP)	~ 8%
Employment (in crores)	6.9

Tamil Nadu is one of the well-developed states of India in terms of industrial development and it's GDP. Today, Tamil Nadu is one of the largest economies in India with a State Domestic Product of Rs.8,50,319 crores. A table of states and union territories of India by their nominal GDP growth for the financial years 2001– 02 to 2013-14, as released by Planning Commission of India, in local currency[4]shows Tamil Nadu as one of the top five economies in India as in Chart 1.1.

CHART 1.1

TOP FIVE ECONOMIES OF INDIA BASED ON GDP GROWTH TILL 2013-14[5]



[3]Annual report, 2009-10, Ministry of MSME.
[4]http://planningcommission.nic.in/data/datatable/0306/table%20168.pdf
[5]ttp://en.wikipedia.org/wiki/List_of_Indian_states_by_GDP#mediaviewer/File:Top_five_states_by_GDP.gif

Tamil Nadu has 9.68 lakh registered MSMEs as on 31st March 2014. This sector provides employment to about 63.18 lakh persons and accounts for a total investment of Rs. 67,130 crores.[6]

The Government of Tamil Nadu has introduced exclusive policy for the MSME sector to provide holistic frame work for annual growth rate of over 10 per cent on a sustainable basis and to generate direct and indirect employment opportunities to the tune of 10 lakhs during the XI Five Year Plan period[7]. The Policy provides for incentive schemes, infrastructure development, technology up gradation, skill development, marketing support, deregulation and simplification, administrative reforms and rehabilitation of sick enterprises in the State.

As Tamil Nadu and the whole of India grow in the present context of liberalization, privatization and globalization, the Micro, Small and Medium enterprises sector will continue to play a greater role in India becoming a super power. This calls for 'entrepreneurship' to create and run these enterprises of various scales, particularly the micro, small and medium scales. Therefore, it seems logical to posit as follows:

"The 'spirit of entrepreneurship' of prospective and current entrepreneurs in any defined geography determines the sustainability and growth of the MSME sector in that geography. In turn the vibrancy of that MSME sector would substantially influence the sustainability of the economic strength and determine the progress and financial prosperity of that geography."

1.2 STATEMENT OF THE PROBLEM

The 'spirit of entrepreneurship' becomes a cornerstone on which successful economies can be built. Entrepreneurship is an enigmatic concept and connotes different things to different people, including entrepreneurs

[6]Mohan. P, Minister for Rural Industries and Labour, *Policy Note 2014-15*, MSME Department, Government of Tamil Nadu

[7]Micro, Small and Medium Industries Policy, MSME Department, Government of Tamil Nadu, 2008.

themselves. It is important to understand what drives entrepreneurship and why some are prepared to take that route, while there are many others who shy away from starting a venture on their own. Entrepreneurship is viewed as an adventurous journey by some while viewed as 'tempting fate' by some others. The metaphor of a 'roller coaster ride' is commonly used for entrepreneurial ventures.

It is well known that 'profits are not due to risks but due to superior skills in taking risks'. It is the superior skill in taking risks that leads to entrepreneurship being sustainable and successful, which in turn would create enterprises that would help India become an economic super power.

Following that line of thought, the following questions emerge.

- What makes an MSME entrepreneur decide to strike out on his own?
- What are the factors that compel or motivate him to take that leap?
- What are the determinants of entrepreneurship? How many of these are related to the business and business-specific and how many of these are related to the entrepreneur himself and hence individual-specific?
- Does the demographic profile of an entrepreneur have an impact on his spirit of and approach to entrepreneurship?
- What are the determinants of sustaining and growing an MSME enterprise?
- What are the determinants which are business-specific where the entrepreneur needs to understand and weigh even at the outset when he decides to venture out on his own?
- What are the determinants where State-intervention can play a major role?
- Where there are determinants which are entrepreneur-specific and intrinsic, should they be a natural gift of talent by birth or can they be nurtured with an attitude of openness and learning?

- What is the perception of the MSME entrepreneurs on where they stand at present with regard to the various determinants which impact their success?
- Where the determinants can be learnt, are there possible ways and means to create that learning environment? What would be the differences in approach to the learning methodology when it comes to knowledge, skills and attitude?
- What would be the possible obstacles for such learning for an entrepreneur and how can they be overcome?
- How could the entrepreneurs take up responsibility on themselves for learning those aspects that would support them in sustaining their entrepreneurship drive? Is there a sustained framework possible for this?
- 'Superior skills in taking risks' are all about synthesis, evaluation and judgment. Hence, is it possible to determine a framework of learning for an entrepreneur to set himself on a course of continuous learning and reinventing which in turn would ensure his business sustains and grows?

A research to answer all these questions would give a fair idea into the mind-sets of the entrepreneurs in the MSME sector. The next step was to decide on the geography to choose the MSME entrepreneurs. While deciding this, the researcher felt that choosing a Tier II or Tier III city would be ideal as it is widely believed that these are the cities that would fuel India's future and be the economic growth engines[8]. Tier II cities like Madurai are expected to participate in the shaping of the country's economy going forward. Madurai has been included amongst the 36 cities that will shape India's future.[9] The MSME Development Institute believes that the industrial climate at

[8]Apurva Bose Dutta, *"Tier II & III Cities - Growth Engines for the Future"*, nbmcw.com/reports/construction-infra-industry/30474-tier-ii-a-iii-cities-growth-engines-for-the-future.html, NBMCW July, 2013.

[9]The Global Initiative for Restructuring Environment & Management, *"36 cities that will shape India's future, future"*, http://www.rediff.com/business/slide-show/slide-show-1-cities-that-will-shape-indias-future/20111012.htm#30, rediff.com, October, 2011.

present in Madurai will give way to attract new investment opportunities in engineering, chemical, readymade garments, paper and textile industries.[10] Hence Madurai district has been taken as a representative district to do an in-depth research in understanding the perspectives of the MSME entrepreneurs in this region.

Given the effect of entrepreneurship spirit on MSME entrepreneurs and in turn, the impact of MSME sector in the economic growth of the country, the following questions arise.

- Can the determinants of entrepreneurship of the MSME sector in Madurai district be identified and the current perception of the entrepreneurs measured?
- Can these determinants be impacted through meaningful interventions with the consent of the MSME sector entrepreneurs in Madurai?
- Can such meaningful interventions be made consistent over time and would it lead to MSME sector sustainability and growth in Madurai district?

1.3 REVIEW OF LITERATURE

The literature in the areas of MSME and entrepreneurship are enormous and the studies have varied from simple case studies to cross country comparison studies. Since it would be very difficult to review the voluminous work carried out in this area, this review has limited itself to those studies which are very relevant to the objectives of the present study, including the areas of

- Functioning of the MSME sector and its place in a country's economy
- Specific understanding of MSME sector in India, Tamil Nadu and Madurai
- Entrepreneurship – its sustainability and growth

[10]MSME Development Institute, Chennai, *Brief Industrial profile of Madurai district,* Ministry of MSME, Government of India, *2012-13.*

- Determinants of entrepreneurship – business-related and entrepreneur-related
- Competencies and traits related to entrepreneurship
- Learning frameworks for entrepreneurship sustainability

Prof R. Vaidyanathan (2014) in his book *'India Uninc.'* makes a clear case for the unincorporated economic entities in the country, including the MSMEs being the engine of our economic growth and talks of their travails, credit delivery mechanisms and the need for social security for the self-employed.[11]

Dr. S.S. Jaswa (2014) in his article, *"Problems and Prospects of Micro, Small & Medium Enterprises (MSME's) in India"* points outs that the MSME sector has weathered and overcome stiff competition in the post liberalization period in the domestic and international arena. He suggests that better involvement of stakeholders, higher awareness creation, better information dissemination, providing special incentives for encouraging larger flow of capital would support the MSME sector.[12]

R.Vettriselvan et al (2014) in their article, "*Human Resource Management Issues in Micro, Small and Medium Enterprises in Tamil Nadu*" conclude that there is informality and high flexibility in the practice of HRM in the MSME sector and formalization of practices is essential to enhance the working condition of the MSME sector employees.[13]

DHV Jeyaseeli et al (2014) in their paper *"A Study to Assess The Performance of Micro, Small and Medium Enterprises (MSMEs) in India with Special Reference to Tamilnadu*" assess the growth and performance of MSMEs in India with special reference to Tamil Nadu on the number of

[11]Vaidyanathan.R, "*India Uninc.*", Westland Ltd, ISBN 978 93 83260 56 0, 2014.
[12]Jaswa. S.S, "*Problems and Prospects of Micro, Small & Medium Enterprises (MSME's) in India*", International Journal of Innovative Research and Studies, May 2014.
[13]Vettriselvan.R, et al, "*Human Resource Management Issues in Micro, Small and Medium Enterprises in Tamil Nadu*", International research journal of business and management, 2014.

enterprises, exports, investment, employment generated and money value of production and conclude that Tamil Nadu MSME sector creates more employment opportunities next to agriculture as they are labour intensive in nature.[14]

K. Saravanan and K. Vijayarani, (2014) in their article on *"Problems and prospects of MSME in Thanjavur District"* highlight the important problems to be financial, marketing, social and psychological. They assert that the level of perception on problems is significantly associated with the profile of entrepreneurs especially the personality traits.[15]

Amathullah Thusneem (2014) in the article "*Problems faced by entrepreneurs in District Industries Centre in Theni District, Tamil Nadu"* mentions that MSMEs in Theni district face severe problems in marketing their products and though the DIC provides various assistance to the MSME entrepreneurs, they still face problems in subsidies, incentives to the industries, power connection for the power loom industries and lack of training given.[16]

Ghani E et al (2014) in their article "*Spatial determinants of entrepreneurship in India"* analyse the spatial determinants of entrepreneurship in India in the manufacturing and services sectors. They conclude that among general district traits, the quality of the physical infrastructure and workforce education are the strongest predictors of entry, with labour laws and household banking access also playing important roles; also, regional conditions in India play a stronger relative role for the spatial patterns of entrepreneurship compared with incumbent industry locations[17].

---

[14]Jeyaseeli. DHV et al (2014) in their paper *"A Study to Assess The Performance of Micro, Small and Medium Enterprises (MSMEs) in India with Special Reference to Tamilnadu*", IJSR, Entrepreneurship, 2014.

[15]Saravanan.K and Vijayarani K, "*Problems and prospects of MSME in Thanjavur District*", International Journal of World research, 2014.

[16]Amathullah Thusneemin the article *"Problems faced by entrepreneurs in District Industries Centre in Theni District, Tamil Nadu"*, Indian Journal of Applied research, 2014.

[17]Ghani E et al, "*Spatial determinants of entrepreneurship in India*", Taylor and Francis Online, Regional Studies, Vol. 48, Issue 6, 2014.

Dr.C.Venkateswar Rao and Dr.M.Venkateswar (2014) in their article, *"Motivational factors influencing entrepreneurship in MSMEs – A study with special reference to Gundlapalli of Prakasam district in AP*" mention that their study shows the desire to earn high profits, dissatisfaction with the earlier job/occupation, lack of gainful employment, previous experience in the industry, availability of trade information and network of business contacts influence entrepreneurs to start enterprises.[18]

Dr.V. Ramanujam and K. ArunVidya (2014) in their article on "*A study on impact of critical characteristics on the career success of MSME entrepreneurs*" mention that career success is calculated based on entrepreneur's judgement of their own success evaluated against personal standards, age, aspiration and views of significant others. They conclude that 'need for achievement', 'need for independence' and locus of control influence the career success of entrepreneurs, followed by risk tolerance and self-efficacy.[19]

Priya D Gupta et al (2013) in their article "*Firm growth and determinants"* point out that though there are many studies on the stages of an enterprise growth, the study on growth pattern of an enterprise influenced by the internal and external environmental factors is limited, thereby a need arising to develop a conceptual framework to study the growth of MSMEs as influenced by the various environmental factors.[20]

Dr. P. Uma (2013) in her article "*Role of SMEs in economic development of India"* emphatically mentions that MSME enterprises are an effective means for the development of entrepreneurship and this sector is the

---

[18]Venkateswar Rao. C and Venkateswar. M,*"Motivational factors influencing entrepreneurship in MSMEs – A study with special reference to Gundlapalli of Prakasam district in AP*", SELP Journal of Social Science, Vol. V: Issue. 21, July – September, 2014.

[19]Ramanujam.V and ArunVidya.K, *"A study on impact of critical characteristics on the career success of MSME entrepreneurs*", International Journal of Business and administration research review Vol.3 Issue 5, April – June 2014, pp. 58-64.

[20]Priya.D Gupta et al, *"Firm growth and its determinants"*, Journal of Innovation and Entrepreneurship, 2013.

only solution to the problems of poverty, insecurity, unemployment and over population in the modern world.[21]

Abdul Naser.V (2013) in his article *"A critical evaluation of the contributions made by the MSME in Indian Economy"* concludes stating that "More support is needed for the MSMEs from the government in the form of priority sector lending, government procurement programme, credit and performance ratings and marketing support."[22]

DS Kumar et al (2013) in their article *"Sustainable Trends and Policies of MSME in Economic Development in India: An Empirical Study"* conclude emphasising on formulation of MSME friendly policies, conducive operating environment, improvement of proper infrastructure, securing peace and security, arranging proper finance, efficient management and arranging appropriate modern technology as framework for sustainability of the MSME sector.[23]

Sajid Gul et al (2013) in their article *"Working capital management and performance of SME Sector"* analyse the results and suggest that number of day's accounts payable has positive association with profitability whereas average collection period and inventory turnover have inverse relation with performance, thereby highlighting the importance of working capital management in the MSME sector.[24]

Dr. Mrs. M. Muthuchitra (2013) in her article, *"A study on marketing problems of entrepreneurs"* concludes that one of the main problems faced by the small scale units is in the field of marketing and small scale entrepreneurs

---

[21]Uma. P, *"Role of SMEs in economic development of India*", Asia Pacific Journal of Marketing & Management Review, 2013.

[22] Abdul Naser. V, *"A critical evaluation of the contributions made by the MSME in Indian Economy"*, Inter-national Journal of Marketing, Financial Services & Management Research, ISSN 2277-3622, 2013.

[23]Kumar.DS et al, *"Sustainable Trends and Policies of MSME in Economic Development in India: An Empirical Study"* IJMBS April to June, 2013.

[24]Sajid Gul et al, *"Working capital management and performance of SME Sector*", European Journal of Business and Management, 2013.

also have problems with supply of raw materials, transportation, distribution and promotion. She emphasises on increasing awareness amongst entrepreneurs on various support systems available from the State institutions.[25]

A.K. Mohideen and A Babu Rao (2013) in their article, "*Strategic Management of Micro, Small and Medium Enterprises (MSMEs): Know your Entrepreneur-KYE*" strive to get an entrepreneurship profile and relate it to the successful running of the business. They conclude that although both strategy and entrepreneurship theories predict that entrepreneur's role in strategy making has a strong positive influence on firm's performance; empirical evidence for this direct relationship is relatively weak.[26]

Anne Berthelot (2013) in the article, "*The impact of entrepreneurial motivation on venture performance*" talks of a model of entrepreneurial motivation based on self-determination theory (SDT) which allows capturing the relationship between entrepreneurs and their venture. She suggests that research should expand to focus on personality characteristics to include factors pertaining to internal dynamics that lead entrepreneurs to be more committed to a venture.[27]

Michelle Adams et al (2013) in their article, *"Knowledge transfer for sustainable innovation: a model for academic-industry interaction to improve resource efficiency within SME manufacturers"* mention that recent trends call for a transition to a global economy that operates within the carrying capacity of the natural environment. Because of their centrality to economic activity, this transition must include small and medium-sized enterprises (SMEs) and higher education institutions (HEIs) can play a more active role in supporting

[25]Muthuchitra.M, "*A study on marketing problems of entrepreneurs*", IJM, 2013.
[26]Mohideen.A.K and Babu Rao.A,"*Strategic Management of Micro, Small and Medium Enterprises (MSME's): Know your Entrepreneur-KYE*", International Centre for Business Research, Issue: Vol. 2, April, 2013.
[27]Anne Berthelot , "*The impact of entrepreneurial motivation on venture performance*", European Journal of Business and Management, Vol.5, Issue 3, 2013.

SMEs to address this transition through the provision of timely and appropriate information.[28]

Martin Lackeus (2013) in his licentiate thesis *"Developing entrepreneurial competencies: An action-based approach and classification in entrepreneurial education"* has focussed on increasing the understanding of how action-based entrepreneurial education can develop entrepreneurial competencies. He proposes an "actionable knowledge" approach, where a focus on human action / activity bridges between traditional teacher-centric and progressive learner-centric approaches to education.[29]

Muritala Taiwo et al (2012) in their article, *"Impact of Small and Medium Enterprises on Economic Growth and Development"* seek to investigate MSME as a veritable tool in economic growth and development and suggest that the Government should as a matter of urgency assist prospective entrepreneurs to have access to finance and necessary information relating to business opportunities, modern technology, raw materials, market, plant and machinery which would enable them to reduce their operating cost and be more efficient to meet the market competition.[30] This is with reference to Nigeria but the learnings are applicable to all developing countries.

Prof. Vasanth Kiran et al (2012), in their article *"Innovative marketing strategies for micro, small and medium enterprises"*, conclude that while SMEs are evolving, networks of SMEs will become essential for addressing the systemic problems that underlie industrial ecology, enterprise resilience and global supply chain sustainability.[31]

---

[28]Michelle Adams et al., in their article, *"Knowledge transfer for sustainable innovation: a model for academic-industry interaction to improve resource efficiency within SME manufacturers"*, Journal of Innovation management in SME, 2013.

[29]Martin Lackeus *"Developing entrepreneurial competencies: An action-based approach and classification in entrepreneurial education"*, Licentiate thesis, Chalmers University of Technology, Gothenburg, Sweden, 2013.

[30]Muritala Taiwo et al, *"Impact of Small and Medium Enterprises on Economic Growth and Development*", American Journal of Business and Management, 2012.

[31]Vasanth Kiran et al, *"Innovative marketing strategies for micro, small and medium enterprises"*,Interdisciplinary journal of contemporary research in business, 2012.

Jayshree Suresh and R. Ramraj (2012) in their article, "*Entrepreneurial Ecosystem: Case Study on the Influence of Environmental Factors on Entrepreneurial Success*", conclude that eight factors, comprising the ecosystem, were found to influence the decision of an individual to choose the path of entrepreneurship - Moral, Financial, Technology, Market, Social, Network, Government and Environmental Support.[32]

SL Adeyemi (2012) in his article "*Motivation and business success: the relationship between entrepreneurs motivation and new business ventures success*" concludes that externally motivated entrepreneurs are more likely to achieve a high level of profitability than internally motivated entrepreneurs, and that internally motivated entrepreneurs are more likely to experience a high level of growth than externally motivated entrepreneurs. He categorizes entrepreneurs as low motivators, money seekers, status seekers and self-actualizers.[33]

Amit Bouri et al (2011), in the report titled *"Report on Support to SMEs in Developing Countries Through Financial Intermediaries"* mention that SMEs play an instrumental, but often under-recognized, role in private sector growth. This report develops interventions to close the gap in financing for SMEs in developing countries. It describes both the challenges and the potential for international financial institutions to work through local intermediaries and stimulate capital provision to SMEs in a financially and socially sustainable manner.[34]

---

[32]Jayshree S and Ramraj, "*Entrepreneurial Ecosystem: Case Study on the Influence of Environmental Factors on Entrepreneurial Success*", European journal of business and management Vol. 4, No. 16, 2012.

[33]Adeyemi.SL,"*Motivation And Business Success The Relationship Between Entrepreneurs Motivation And New Business Ventures Success*", International Small Business Journal, 4. pp.55-64, 2012.

[34] Amit Bouri et al, *"Report on Support to SMEs in Developing Countries Through Financial Intermediaries"*, Dalberg, SME briefing paper, 2011.

Valerij Dermol (2011) in his paper "*Development of Entrepreneurial competences*" posits that the mix of teaching methods used as a means of entrepreneurship learning has an important moderating impact on the process of entrepreneurial learning and on the creation of entrepreneurial intentions and tabulates the teaching methods of entrepreneurial learning as follows:[35]

Learning through experience and experimentation	**Learning by observation and examples**
Action learning	
Simulation	Meetings with leading entrepreneurs
Role playing	Integration of works of fiction or film productions
Use of personal instruction	The integration of teachers' real life experience
Self-directed learning	Case studies with discussions
Problem-based learning	Study of 'live' entrepreneurial cases
Distance Learning	Guest speakers – entrepreneurs as lecturer
Business plan competition	
Group techniques to create ideas	
Business planning workshops	

Magdalena Markowska (2011) in his dissertation "*Entrepreneurial competence development –triggers, processes and consequences*" provides an explanation of the mechanisms of entrepreneurial competence development by suggesting that changing action-control beliefs and the formation of entrepreneurial identity are crucial in the development of entrepreneurial competence. It is also asserted that access to role models and learning goal orientation facilitate this process.[36]

[35]Valerji Dermol, "*Development of Entrepreneurial competences*", (http:// www. emuni. si/press /ISSN/1855-3362/3_027-047.pdf), International School for Social and Business Studies, Celje, Slovenia, 2011.

[36]Magdalena Markowska, "*Entrepreneurial competence development –triggers, processes and consequences*", Dissertation thesis, Series No. 071, Jönköping International Business School, 2011.

Khrystyna Kushnir et al (2010) in their article on "*MSME Enterprises around the world: how many are there and what affects the count*" talk of 125 million formal MSMEs in a set of 132 economies, including 89 million in emerging markets. Their analysis shows that formal MSMEs are more common in high-income economies but that in developing economies, MSME density is rising at a faster pace.[37]

Cihan Aktas, (2010) in a presentation on *"The SMEs in the global world: Issues and Prospects"* talks of SMEs constituting a very significant portion of economies and their contribution to growth, employment, export, poverty alleviation and economic welfare being obvious. It talks of the criticality of improving the overall business environment and the need of a national strategic plan defining priorities in the short-term and long-term for them.[38]

Fatoki Olawale et al (2010), in their article "*Obstacles to the growth of new SMEs in South Africa: A principal component analysis approach*" identifies thirty variables as obstacles and concludes that the most important obstacle is 'Financial' which is largely an internal factor. The other obstacles are Economic (external), Markets (external) Management (internal) and Infrastructure (external)[39]. There is learning in this for other developing countries too.

Alistair R. Anderson (2010), in the article *"Network practices and entrepreneurial growth",* talks of the important role of networking in entrepreneurship. He explores growth as a social but strategic practice conceptualized with five steps in future creation – liberating, inspiring,

[37]Khrystyna Kushnir et al, *"MSME Enterprises around the world: how many are there and what affects their count"*, world Bank/ IFC MSME country indicators, 2010.
[38]Cihan Aktas, *"The SMEs in the global world: Issues and Prospects"*, Central Bank of Republic of Turkey, 2010.
[39]Fatoki Olawale et al, *"Obstacles to the growth of new SMEs in South Africa,* African journal of Business Management, 2010.

visioning, articulating and implementing and establishes how entrepreneurial growth can take place through collabourative practice.[40]

Jaloni Pansiri, Zelealem T. Temtime (2010) in their article "Linking firm and managers' characteristics to perceived critical success factors for innovative entrepreneurial support" identify Critical Success Factors affecting the performance of SMEs and statistically significant relationships between the perceived impact of selected CSFs and firm-specific variables; they indicate that the perceived impact of CSFs vary from firm to firm depending on their size, age, industry, and management profile and statistically significant relationships among the selected CSFs themselves.[41]

Siwan Mitchelmore and Jennifer Rowley, (2010) in the article "*Entrepreneurial competencies: a literature review and development agenda*", suggest that although the concept of entrepreneurial competencies is used widely by government agencies and others in their drive for economic development and business success, the core concept of entrepreneurial competencies, its measurement and its relationship to entrepreneurial performance and business success is in need of further rigorous research and development in practice.[42]

Holcomb et al. (2009) in their article "*Architecture of entrepreneurial learning: Exploring the link among heuristics, knowledge, and action"* define entrepreneurial learning as a process in which people absorb new knowledge from direct experience or from observation of other peoples' behaviour, actions and consequences, make intuitive conclusions or heuristics because of

[40]Alistair R. Anderson *"Network practices and entrepreneurial growth"*, Scandinavian Journal of Management, Vol. 26, Issue 2, pp. 121–133, 2010.

[41]Jaloni Pansiri, Zelealem T. Temtime, "*Linking firm and managers' characteristics to perceived critical success factors for innovative entrepreneurial support*", Journal of Small Business and Enterprise Development, Vol. 17, Issue: 1, pp.45–59, 2010.

[42]S Mitchelmore, J Rowley, "*Entrepreneurial competencies: a literature review and development agenda*", International Journal of Entrepreneurial Behaviour & Research, Vol. 16 Issue: 2, pp. 92–111, 2010.

environmental uncertainty and inconsistent information and organise acquired knowledge by linking it with pre-existing knowledge structures.[43]

SP Agarwal et al (2008) in their article "*Policies and infrastructural facilities for technology transfer to SMEs in globalized economy: Indian perspective*" mention the need to establish intense linkages with R&D institutions in order to carry out technology up gradation in the long term and overcome technological obsolescence.[44]

VP Sriraman et al (2008) in their article *"Enhancing competitiveness of the bottom of the pyramid – the role of SME and rural artisan clusters in India"*, talk of enough positive signals indicating that the cluster approach could become an effective way of promoting the MSME development in India.[45]

U J Srikumar (2008) in her article "*SMEs and global competitiveness: Strategies for Survival and growth in the WTO Era"* talks of the importance of not only reformatory norms in transforming economies like that of India's but the need for mammoth efforts by the Government as a true facilitator for development with focus on implementation".[46]

NJ Rao and AS Sisodiya (2008) in their article "*SMEs in India: Set for Big Role*" suggest that India is fast emerging as a preferred destination for global manufacturers and retailers, which means huge opportunities for domestic SMEs lie ahead. They also talk of the positive implications of the perception of India as a 'knowledge-driven country' for the growth and development of Indian SMEs.[47]

---

[43]Holcomb, T. R et al, "*Architecture of entrepreneurial learning: Exploring the link among heuristics, knowledge, and action*" Entrepreneurship: Theory &Practice, 33(1):167–92, 2009.

[44]Agarwal.SP, et al, *"Policies and infrastructure facilities for technology transfer to SMEs in globalized economy: Indian perspective"*, SMEs-Key drivers for growth, ICFAI books, 2008.

[45]Sriraman.VP, et al, *"Enhancing competitiveness of the bottom of the pyramid – the role of SME and rural artisan clusters in India"* SMEs-Key drivers for growth, ICFAI books, 2008.

[46]Srikumar.UJ, *"SMEs and global competitiveness: Strategies for survival and growth in the WTO Era"*, SMEs-Key drivers for growth, ICFAI books, 2008.

[47]Rao.NJ, et al ,"*SMEs in India: Set for Big Role*", SMEs-Key drivers for growth, ICFAI books, 2008.

Chakravarti Anand (2008) in his article "*SME Financing: the Indian Scenario*" emphasises on the need for an increased focus by the Indian banks and financial institutions towards providing micro finance, factoring assistance etc. at reasonable costs to the MSMEs to make them domestically as well as globally competitive, in turn, leading to economic growth.[48]

SN Ghoshal (2008) in his article "*Innovative Strategies to Finance SMEs*" suggests development of equity markets, encouraging cluster approach to finance SMEs for reducing transactions costs and evolving a model to provide for a partnership between SMEs and banks to enable risk sharing.[49]

Satish and Surender (2008) in their article "*SME ratings – a welcome move*" explain the importance of credit ratings as means to overcome the lack of access to credit and the need to set up credit rating agencies for SMEs which would evaluate them on a fair basis among the SME's peers. This would enable them get wider recognition and acceptance amongst banks for disbursing credit.[50]

Harish B (2008) in his article "*Quality Management Principles for SMEs*" explains how SMEs can prepare for QMS through measures like proactive responsibility by the management, efficient complaint handling, avoiding work duplication, focusing on strategic planning, commitment to process rather than certification, quality audit and simple QMS process.[51]

Mari Ahonen (2008) in his paper "*Branding-does it even exist among SMEs?"* mentions that branding in SMEs is a rarely studied phenomenon among academics and when studied, the theoretical background often consists of product branding even if it is a corporation that is studied. In addition, most

[48]Anand.C,"*SME Financing- The Indian Scenario*", SMEs-Key drivers for growth, ICFAI books, 2008.
[49]Ghoshal.SN, "*Innovative Strategies to finance SMEs"*, SMEs-Key drivers for growth, ICFAI books, 2008.
[50]Satish and Surender, "*SME Ratings – A welcome move*", SMEs-Key drivers for growth, ICFAI books, 2008.
[51]Harish. B, "*Quality Management Principles for SMEs*", SMEs-Key drivers for growth, ICFAI books, 2008.

of the studies are published in marketing journals rather than in entrepreneurship journals. He suggests that corporate branding issues could be more often utilised and researched among SMEs.[52]

Divya Sampath (2008), in her article *"How can Indian SMEs become export competitive"* says that a flexible combination of State intervention and market freedom, open trade and selective transitional protection and a right mix of micro and macro and public-private partnerships will make Indian SMEs export competitive.[53]

Patricia Todd et al (2008) in their article "*Internationalization of SMEs in India: Fostering Entrepreneurship by Leveraging Information Technology*" mention that though SMEs face considerable environmental challenges in launching and running successful businesses, the high-tech boom, especially in the IT sector, has propelled Indian SMEs to participate actively in the internationalization process.[54]

AS Sisodiya (2008) in his paper, "*SMEs in India –Future perfect*" explains the emerging challenges and outlook for Indian SMEs with increased deregulation. He emphasises that in order to compete globally and to play a bigger role, Indian SMEs need to pay greater attention to improving cost-efficiencies, technical know-how, quality and product innovation apart from achieving economies of scale.[55]

Vincenzo Quadrini (2008) in his paper "*Entrepreneurship, Saving and Social mobility"* examines entrepreneurship in order to analyse, first, the degree to which the opportunity to start or own a business affects the household's saving behaviour and the implication of this behaviour for the

---

[52]Mari Ahonen, "*Branding -does it even exist among SMEs*?, Proceedings of the 16th Nordic Conference on Small Business Research, May 21st-23rd, 2008, Tallinn, Estonia.

[53]Divya Sampath*"How can Indian SMEs become export competitive",* SMEs-Key drivers for growth, ICFAI books, 2008.

[54]Patricia R Todd et al, *"Internationalization of SMEs in India: Fostering Entrepreneurship by leveraging information technology",* SMEs-Key drivers for growth, ICFAI books, 2008.

[55]Sisodiya.AS, "*SMEs in India – Future perfect*", SMEs-Key drivers for growth, ICFAI books, 2008.

distribution of wealth and, second, the relationship between the extent of entrepreneurship in the economy and socioeconomic mobility, that is, the movement of families across wealth classes over time. Through his modelling of entrepreneurial activities, he demonstrates patterns of wealth mobility in which entrepreneurs experience higher upward mobility than workers.[56]

Lans T.W et al (2008) in their article "*Entrepreneurship education and training in the small business context: Insights from the competence-based approach*" divide entrepreneurship education into educational efforts in terms of changes in the state of mind, in terms of enhancing entrepreneurial behaviour and in terms of mastering some specific business situations. In the first case, the education should focus on the creation of appropriate values, beliefs and attitudes associated with successful entrepreneurship. In the second case, considering entrepreneurship as a matter of behaviour, education should encourage transfer of specific abilities related to entrepreneurial behaviour (whether on the role of independent entrepreneur, entrepreneurial manager or enterprising employee). In the third case, in which entrepreneurship is aligned with mastering of specific situations, education should focus on handling functional expertise – such as how to start a business, how to explore the market, etc.[57]

Helen Reijonen, Raija Komppula, (2007) in their article "*Perception of success and its effect on small firm performance"* find that non-financial metrics of success that are affected by the entrepreneur's motivations and goals influence the financial performance of the small firm. Consequently, the entrepreneurs are likely to measure their performance by other criteria and find success as in job satisfaction and satisfied customers.[58]

---

[56]Vincenzo Quadrini, "*Entrepreneurship, Saving and Social mobility"*, Science Review, Review of Economic Dynamics, Vol.3, Issue 2, January, 2000.

[57]Lans.T.W, Hulsink.H, Baert and Muld. M, in their article "*Entrepreneurship education and training in the small business context: Insights from the competence-based approach*". Journal of Enterprising Culture 16(4):363–83, 2008.

[58]Helen Reijonen, Raija Komppula, "*Perception of success and its effect on small firm performance*", Journal of Small Business and Enterprise Development, Vol. 14, Issue: 4, pp.689-701, 2007.

Aderemi Ayila Alarape, (2007) in the article "*Entrepreneurship programs, operational efficiency and growth of small businesses*" makes an attempt to find out the impact of owners/managers of small businesses participating in entrepreneurship programs on operational efficiency and growth of small businesses. The article concludes that those owner-managers of small businesses who had undergone training in entrepreneurship programs had exhibited superior managerial practice and venture growth when compared to owner-managers who had not undergone such training programmes.[59]

Temi Abimbola and Christine Vallaster (2007), in their article "*Brand, organisational identity and reputation in SMEs: an overview*", posit that organisations are better able to create strong firms by integrating branding, reputation building, relevant and appropriate organisational identity beyond their visual façade. They need to be more proactive and also have to express and embed their brand value propositions within their identity and reputation in their dealings with customers.[60]

Integral Assets Consulting, (2006) in their background paper prepared for WK Kellogg Foundation, "*Youth Entrepreneurship, Theory, Practice and Field Development*", talks of "the failure of traditional educational experiences, the innovation economy (including instability, rapid change and cognitive complexity), increasingly encompassing all sectors of the modern workforce and the potential for entrepreneurial attributes and skills to be enhanced in experiential learning environments".[61]

---

[59]Aderemi Ayila Alarape, *"Entrepreneurship programs, operational efficiency and growth of small businesses"*, Journal of Enterprising Communities: People and Places in the Global Economy, Vol.1, Issue:3: pp. 222-23, 2007.

[60]Temi Abimbola, Christine Vallaster, "*Brand, organisational identity and reputation in SMEs: An overview*", Qualitative Market Research: An International Journal, Vol. 10 Issue: 4, pp.341-348, 2007.

[61]Integral Assets Consulting, "*Youth Entrepreneurship, Theory, Practice and Field Development*", WK Kellogg foundation youth and education unit, 2006.

Donald F Kuratko (2005), in his article *"The emergence of entrepreneurship education: development, trends and challenges"*, says that "Entrepreneurship is new and it is about continual innovation and creativity. It is the future of business schools and it should begin to move into a leadership role. Today, the words used to describe the new innovation regime of the 21st century are: *dream*, *create*, *explore*, *invent*, *pioneer*, and *imagine*! Entrepreneurship educators must have the same innovative drive that is expected from entrepreneurship students."[62]

In the Executive summary of the background reports (2004) on *"Promoting entrepreneurship and innovative SMEs in a global economy"*, in the Second OECD Conference of Ministers responsible for SMEs held in Istanbul, Turkey in 2004, the key policy recommendations include the need to improve SMEs access to information about networking opportunities and to increase the participation of SMEs in research networks and technology markets.[63]

Kimberly Sue Owens (2003) in her doctoral dissertation "*An Investigation of Personality Correlates of Small Business Success"* has her correlational analyses reveal that personality characteristics were significantly related to business performance and work satisfaction. Goal-setting orientation, emotional resilience, ability to sell self, social networking, and work-related locus of control were positively related to both business performance and work satisfaction. Additionally, autonomy, adaptability, competitiveness, optimism, risk tolerance, work drive and tolerance for financial security were positively correlated with work satisfaction measures.[64]

---

[62]Donald F Kuratko, in his article *"The emergence of entrepreneurship education: development, trends and challenges"*, Wiley Online Library, Entrepreneurship theory and practice, 2005.

[63]Executive summary of background reports, *"Promoting entrepreneurship and innovative SMEs in a global economy"*, Second OECD Conference of Ministers for SMEs, Turkey, pp 24-25, 2004.

[64]Kimberly Sue Owens, *"An Investigation of Personality Correlates of Small Business Success,* Doctoral dissertation, Graduate School, University of Tennessee, Knoxville, (http://trace.tennessee.edu /utk_graddiss/2252), 2003.

Don Macke in his monograph (2002) on "*Entrepreneurs and Entrepreneurship*" quotes the definition of entrepreneurs as "Essential agents of change, who accelerate the generation, application and spread of innovative ideas and in doing so, not only ensure efficient use of resources, but also expand the boundaries of economic activity". This definition has been used particularly for MSME entrepreneurs in many articles that deal with MSME entrepreneurship world over.[65]

Leonard Bisk (2002) in his article "*Formal entrepreneurial mentoring: the efficacy of third party managed programs*" discovers that the entrepreneurs' age and education are factors that impact their benefit from a mentorship engagement. The findings also suggest that mentors need not have experience in the industry of their mentee for the entrepreneur to benefit from the interaction.[66]

Robert McIntyre (2001) in his article *"The Role of Small and Medium Enterprises in Transition: Growth and Entrepreneurship"* discusses about the complex causation of SME success and failure in transition economies and warns of the effects of liberalisation without preceding institutional development.[67]

Stephan Goetz and David Freshwater (2001), in their article "*State-Level Determinants of Entrepreneurship and a Preliminary Measure of Entrepreneurial Climate"* suggest that there are limits to using increasing amounts of financial capital to stimulate entrepreneurship, all else being equal. When state and local governments need to stimulate economic growth, they

[65]Don Macke, "*Entrepreneurs and Entrepreneurship*", Centre for Rural Entrepreneurship, P.3, 2002.
[66]Leonard Bisk, "*Formal entrepreneurial mentoring: the efficacy of third party managed programs*", Career Development International, Vol.7, No. 5, 2002.
[67]Robert McIntyre, *"The Role of Small and Medium Enterprises in Transition: Growth and Entrepreneurship",* UNU World Institute for Development Economics Research, pp.46-47, 2001.

talk of a measure of 'entrepreneurial climate' of each state which is an important factor in stimulating entrepreneurial activity.[68]

Michael J. Enright et al (2000) in the article "*Enhancing the competitiveness of SMEs in the global economy: Strategies and policies*" talk of the need for economies to adjust to global competition, and how the examples of prosperous regions whose economies are built on localised groups of firms, have caused local, regional and national governments to turn to policies based on enterprise clusters, thereby supporting the argument for formation of SMEs as clusters.[69]

Carlo Raffo et al, (2000) "*Teaching and learning entrepreneurship for micro and small businesses in the cultural industries sector*" report that their findings suggest that entrepreneurs in this sector learn best by being able to experiment with ideas, by "doing" and networking with others and by working with more experienced mentors in their sector. They suggest a more "naturalistic" approach to teaching and learning entrepreneurship for micro and small businesses in the cultural industries sector.[70]

David Rae and Mary Carswell, (2000) in their article "*Using a life-story approach in researching entrepreneurial learning: the development of a conceptual model and its implications in the design of learning experiences"* summarize the conclusions from research which explores how people learn to start and grow high performing businesses. Their findings indicate that there would be benefits from designing development programmes for current and aspirant business owners with a greater emphasis on personal development.[71]

---

[68]Stephan Goetz and David Freshwater, "*State-Level Determinants of Entrepreneurship and a Preliminary Measure of Entrepreneurial Climate"*, Economic Development Quarterlyvol.15, 58-70, February, 2001.

[69]Michael J. Enright et al, "*Enhancing the competitiveness of SMEs in the global economy: Strategies and policies*", Organisation for Economic Co-operation and Development, pp. 3-4, 2000.

[70]Carlo Raffo, et al "*Teaching and learning entrepreneurship for micro and small businesses in the cultural industries sector*", Education + Training, Vol. 42, Issue: 6, pp.356-365, 2000.

[71]David Raeand Mary Carswell, "*Using a life-story approach in researching entrepreneurial learning: the development of a conceptual model and its implications in the design of learning experiences"*, Education + Training, Vol. 42 Issue:4/5, pp.220-228, 2000.

Robert Sullivan, (2000) in his article "*Entrepreneurial learning and mentoring*" discusses the importance of learning to the survival and growth of MSMEs. It considers the use of previous or existing entrepreneurs as mentors to support and advise new-start entrepreneurs. The paper discusses the issues around learning, entrepreneur development, mentoring and the matching of mentors to client entrepreneurs. In particular the paper considers the role of life-cycle development approaches in planning entrepreneurial development, the importance of double-loop learning and learning from experience or critical incidents.[72]

David W. Penn, et al (1998) in their article "*Learning in smaller organisations"* examine small organisations in terms of five key characteristics: adaptability; planning; information and knowledge; human resource development and growth. They find that small organisations are characterised by a paternalistic culture; an informal approach to planning; the importance of an individual's ideas and character; learning by working with others (rather than formal training) and a belief in the importance of growth.[73]

Brandstaetter, H. (1997) in his article "*Becoming an entrepreneur - a question of personality structure?*" concludes that owners who had personally set up their business (founders) were emotionally more stable and more independent (self-assertive) than owners who had taken over their business from parents, relatives or by marriage. Also, independent and emotionally stable business owners were more satisfied with their roles as entrepreneurs and with the success of their business, preferred internal attributions of the business outcome and were more inclined to expand their business.[74]

---

[72]Robert Sullivan, "*Entrepreneurial learning and mentoring*", International Journal of Entrepreneurial Behaviour & Research, Vol. 6, Issue:3, pp.160-175, 2000.

[73]David W. Penn et al ,"*Learning in smaller organisations*", The Learning Organisation, Vol. 5, Issue: 3, pp.128-137, 1998.

[74]Brandstaetter, H, "*Becoming an entrepreneur-a question of personality structure*?", Journal of Economic Psychology, Vol.18, pp.157-177, April,1997.

Allan A. Gibb (1996), in his article "*Entrepreneurship and Small Business Management: Can We Afford to Neglect them in the Twenty-first Century Business School"* reviews the case for business schools becoming more seriously involved in teaching and research in the field of entrepreneurship and small business. He argues the central case for a clear conceptual stance to be taken on the relationship between small business and entrepreneurship as a basis for core programme and pedagogical design.[75]

Leslie Palich and Ray Bagby (1995) in their article "*Using Cognitive theory to explain entrepreneurial risk-taking: Challenging conventional wisdom*" seem to offer hope to those who aspire to identify and exploit business opportunities, even when they are distracted by the perceived high risk of these ventures. Since cognitive processes can be changed unlike personal traits, they posit that if certain aspects of cognition are different for entrepreneurs, or more successful entrepreneurs, these processes can be learned or mastered through programs such as "frame of reference" training.[76]

Per Davidsson (1991) in his article *"Continued entrepreneurship: Ability, need, and opportunity as determinants of small firm growth"*, attempts to enhance understanding of the growth of individual small businesses in the context of continued entrepreneurship with three major determinants: Ability, Need and Opportunity and concludes that need-related issues appear more important that ability and opportunity which means that satiation is the major reason why small firms stop growing.[77]

The researcher has reviewed many studies, journals, working papers, thesis, articles, newspapers and dissertations. The above review of literature

---

[75]Allan A. Gibb, *"Entrepreneurship and Small Business Management: Can We Afford to Neglect them in the Twenty-first Century Business School"*, British Journal of Management, Vol. 7, Issue:4, pp. 309–321, December, 1996.

[76]Leslie Palich and Ray Bagby "*Using Cognitive theory to explain entrepreneurial risk-taking: Challenging conventional wisdom*", Journal of business venturing, Vol.10, Issue: 6, pp. 425-438, November, 1995.

[77]Per Davidsson, *"Continued entrepreneurship: Ability, need, and opportunity as determinants of small firm growth"*, Journal of Business Venturing, Vol. 6, Issue: 6, pp. 405-42, November, 1991.

proves beneficial in identifying the research issues and the research gaps, which are mainly the structures on which the objectives of the present study are based on. There is hardly any study in India, which documents the determinants of entrepreneurship sustainability in the MSME sector with specific reference to a geography and suggesting a practical action plan on how this can be addressed in a sequential process. The present study differs from the earlier studies in the following ways and augments the existing literature:

- It is with reference to the MSME sector in a specific district and focuses both on the extrinsic and intrinsic determinants related to the sustainability of entrepreneurship, with greater emphasis on the intrinsic factors' and the perceived gaps therein.
- It develops a conceptual framework and builds a practical framework of action based on an interactive discussion with the entrepreneurs themselves ensuring their buy-in for the learning process and implementation, which in turn would lead to their sustainability in the long-term.

1.4 OBJECTIVES OF THE STUDY

Following are the main objectives of the study:

1. To understand the MSME landscape in the district of Madurai with reference to the State of Tamil Nadu and the country of India as a whole.
2. To ascertain and measure the perception of the Madurai district MSME entrepreneurs with regard to the various determinants of entrepreneurship including
    a. factors of production associated with the business
    b. factors of motivation for commencement and continuance of business
    c. factors related to social acceptance of the entrepreneur and business
    d. factors related to conceptual knowledge and its application

e. factors related to entrepreneurial skills and approach
f. factors related to entrepreneurial attitude personally and professionally

3. To determine the mental and psychological barriers which hinder the sustainability and growth of the Madurai district MSME sector entrepreneurs.
4. To interactively evolve ways and means that would support the Madurai district MSME entrepreneurs to cross such blocks over time.
5. To suggest a learning framework for the entrepreneurs by which the Madurai MSME entrepreneurship becomes a vibrant eco-system, ensuring its sustainability and growth over time.

1.5 METHODOLOGY AND PERIOD OF THE STUDY

The methodology of this study has been in two parts, namely primary data gathering and secondary data analysis.

1.5.1 Primary Data

The primary data were gathered from 150 entrepreneurs (about ten per cent) chosen by simple random sampling method from amongst about 1500 entrepreneurs, taking into consideration the entrepreneurs who have registered themselves with the entrepreneurial wing of the Tamil Nadu Chamber of Commerce or with MADITSSIA (The Madurai District Tiny and Small Scale Industries Association).[78] The data were gathered in the form of a structured interview schedule by going through a questionnaire as given in the Annexure (Annexure 1).

A set of 12 entrepreneurs (about eight per cent of those who had gone through the structured interview process) were gathered based on heterogeneous representation of industries and willingness to participate in a

[78]http://www.madu.in/organisations/madurai_district_tiny_and_small_scale_industries_association_%28maditssia%29.html.

series of nine one-day workshops. The observational study was to authenticate the result of the findings obtained through the interviews, understand the obstacles in the eco-system better and to interactively evolve a learning framework ensuring their participation and commitment.

1.5.2 Secondary Data

This study has been carried out with the help of secondary data also. The necessary secondary data have been collected and compiled from already published international and national sources. The major international sources include the World Bank and International Finance Corporation reports. The national sources include the annual reports of the Department of Ministry of Micro, Small and Medium Enterprises, the publications of the MSME- Development Institute of the Ministry of MSME, the policy notes released by the Micro, Small and Medium Enterprises department under the Ministry of Rural Industries and labour of the Government of Tamil Nadu, publications of the District Industries Centre under the Department of Industries and Commerce and reports of the Confederation of Indian Industry (CII). The other sources include books, journals, magazines and websites.

1.5.3 Period of Study

The period of the structured interview and its analysis was from January 2013 to June 2014. There were nine one-day workshops held over nine months in the year 2014 on 4th March, 15th April, 17th May, 24th May, 8th August, 13th September, 11th October, 19th November and 24th November. All these workshops were attended by almost all the twelve entrepreneurs who were part of the observational study.

1.6 LIMITATIONS AND SCOPE OF THE STUDY

1.6.1 Limitations of the Study

The entrepreneurs were not comfortable sharing the top line and bottom line of their businesses and hence growth of businesses over years has not been

ascertained. Since 98 per cent of the respondents had been men, barriers specific to women entrepreneurs may not have been fully explored in the study.

Equally, since first generation and subsequent generation entrepreneurs have been treated the same, determinants peculiar to family businesses need further exploration which has not been done.

1.6.2 Scope of the Study

The focus of this study has been more on the intrinsic determinants which are entrepreneur-specific at the individual level and to suggest ways and means that would enable an entrepreneur to overcome those internal limitations and get driven and propelled forward in his field of business.

1.7 FRAMEWORK OF ANALYSIS

The statistical analyses of the following have been done through the SPSS software package:

- Mean and standard deviation,
- Testing of hypothesis for F tests,
- Multiple regression and ANOVA tables and
- Checking of Cronbach's alpha

Per cent calculations and Compounded Annual Growth Rate (CAGR) have been done using Excel calculations. The normal distribution calculations have been done with the help of MS Excel spread sheets' statistical functions and formulae. All the graphs have been formulated through MS Excel spread sheets.

1.8 SCHEME OF THE REPORT

The present study titled ***"A study of determinants of entrepreneurship and its impact on MSME sector sustainability in Madurai district"*** has been organised in seven chapters.

The first chapter titled ***"Introduction and Research Design"*** consists of an introduction, the statement of the problem, a review of related literature, the objectives of the study and its methodology, the scope and limitations of the study, the framework of analysis and the scheme of the research report.

The second chapter titled ***"MSME Sector in India – An Overview"*** defines and examines the presence of the MSME landscape in India, the role of the MSME sector and the constraints faced, the MSME landscape in the State of Tamil Nadu and its policy initiatives, the MSME landscape in the district of Madurai, the determinants of MSME sector in general and the need for its sustainability.

The third chapter titled ***"Determinants of Entrepreneurship – A Framework"*** examines the basics of entrepreneurship, outlines entrepreneurial traits and competencies, provides a framework for entrepreneurial traits and groups the determinants of entrepreneurship.

The fourth chapter titled ***"Entrepreneurs' Demographic Profile and its impact on Determinants of Entrepreneurship in Madurai District"*** analyses the demographic profile of the MSME entrepreneurs in Madurai and the impact of this profile on the determinants of entrepreneurship.

The fifth chapter titled ***"Determinants of entrepreneurship in the perception of Madurai District MSME entrepreneurs"*** analyses entrepreneurial determinants grouped under various dimensions to understand where these entrepreneurs feel they stand with respect to each of these determinants at present. It also attempts to develop a financial model with 'entrepreneurship sustainability' as the dependent variable and establishes the reliability and validity of the scale used.

The sixth chapter titled ***"An Interactive study on the determinants of entrepreneurship with selected MSME entrepreneurs in Madurai district"*** comes up with a learning framework for the entrepreneurs as arrived at through interactive workshops. Methodologies of learning, contents and formats are explored and a possible way forward determined to ensure a learning environment for the entrepreneurs thereby establishing sustainability of the MSME ecosystem in Madurai.

The seventh chapter titled ***"Summary of findings, suggestions and conclusions"*** consolidates the results of the present study and presents the scope for further research.

2.1 INTRODUCTION

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth.[79] MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

2.2 CLASSIFICATION OF MICRO, SMALL AND MEDIUM ENTERPRISES

The Micro, Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector. The Act seeks to facilitate the development of these enterprises as also enhance their competitiveness. It provides the first-ever legal framework for recognition of the concept of "enterprise" which comprises both manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium.[80] In accordance with the provisions of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the Micro, Small and Medium Enterprises (MSME) are classified in two categories:

- Manufacturing enterprises – The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951 or employing plant and machinery in the process of value addition to the

[79]http://msme.gov.in/web/Portal/About-ministry.aspx
[80]http://msme.gov.in/mob/AboutMSME.aspx

final product having a distinct name or character or use. The Manufacturing enterprises are defined in terms of investment in Plant and Machinery.

- Service enterprises – The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipments.

The limit for investment in plant and machinery/ equipment for manufacturing / service enterprises, as notified, vide S.O. 1642(E) dtd.29-09-2006 is as under:[81]

TABLE 2.1
MANUFACTURING SECTOR MSME

Enterprises	Investment in plant and machinery
Micro enterprises	Does not exceed twenty five lakh rupees
Small enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium enterprises	More than five crore rupees but does not exceed ten crore rupees

TABLE 2.2
SERVICES SECTOR MSME

Enterprises	Investment in equipments
Micro enterprises	Does not exceed ten lakh rupees.
Small enterprises	More than ten lakh rupees but does not exceed two crore rupees.
Medium enterprises	More than two crore rupees but does not exceed five crore rupees.

MSME Sector consists of any enterprise, whether proprietorship, Hindu undivided family, association of persons, cooperative society, partnership or undertaking or any other legal entity, by whatever name called, engaged in

[81] http://mofpi.nic.in/writereaddata/msme.pdf

production of goods pertaining to any industry specified in the first schedule of Industry Development & Regulation Act, 1951[82] and other enterprises engaged in production and rendering services, subject to limiting factor of investment in plant and machinery and equipment respectively given in the Tables 2.1 and 2.2.

The MSME Act, 2006 provides for a statutory consultative mechanism at the national level with balanced representation of all sections of stakeholders, particularly the three classes of enterprises and with a wide range of advisory functions. Establishment of specific funds for the promotion, development and enhancing competitiveness of these enterprises, notification of schemes/ programmes for this purpose, progressive credit policies and practices, preference in Government procurements to products and services of the micro and small enterprises, more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises and assurance of a scheme for easing the closure of business by these enterprises, are some of the other features of the Act.[83]

2.3 MSME SECTOR LANDSCAPE IN INDIA

2.3.1 Performance and Composition of MSME in India

As per the results of Fourth All India Census of Micro, Small & Medium Enterprises (MSME), the sector contributes significantly to the number of enterprises, employment and output of the country. Based on the data sets of Third and Fourth All India Census of SSI / MSMEs, augmented with data sets of EC, 2005 and growth rate observed during Fourth (1998) and Fifth (2005) Economic Census, the performance of SSI/MSME Sector is summarized as below (from the Annual report of the Ministry of MSME 2013-14). The unregistered sector was assessed by conduct of sample survey of the sector:[84]

[82]http://www.dcmsme.gov.in/ANNUALREPORT-MSME-2012-13P.pdf, pp22
[83] http://msme.gov.in/mob/AboutMSME.aspx
[84]http://msme.gov.in/WriteReadData/DocumentFile/ANNUALREPORT-MSME-2013-14P.pdf, P.23

TABLE 2.3
PERFORMANCE OF MSME – EMPLOYMENT/ INVESTMENTS

No.	Year	Total working enterprises (in lakhs)	Employment (in lakhs)	Market value of fixed assets (Rs. in crores)
1	2001-02	105.21	249.33	154,349.00
2	2002-03	109.49	260.21	162,317.00
3	2003-04	113.95	271.42	170,219.00
4	2004-05	118.59	282.57	178,699.00
5	2005-06	123.42	294.91	188,113.00
6	2006-07	361.76	805.23	868,543.79
7	2007-08	377.36	842.00	920,459.84
8	2008-09	393.70	880.84	977,114.72
9	2009-10	410.80	921.79	1,038,546.08
10	2010-11	428.73	965.15	1,105,934.09
11	2011-12	447.66	1,011.80	1,183,332.00
12	2012-13	467.56	1,061.52	1,269,338.02

Some interesting and pertinent observations from Table 2.3 are as under. The total enterprises have gone up by 344 per cent over eleven years, with a CAGR (Compounded Annual Growth Rate) of 14.52 per cent. The major jump has happened in the year 2006-07 where the increase is 193 per cent over the previous year. However from the year 2006-07, the CAGR of total working enterprises works out only to 4.37 per cent which is comparatively low. The employment provided has gone up by 326 per cent over eleven years commensurate to the increase in total enterprises. The CAGR over eleven years works out to 14.08 per cent. The major jump has happened in the year 2006-07 where the increase is 173 per cent over the previous year. However from the year 2006-07, the CAGR on employment provided works out only to 4.71 per cent which is comparatively low.

The market value of fixed assets has gone up by 722 per cent over eleven years. The CAGR over eleven years works out to 21 per cent. The major jump in 2006-07 has been 361 per cent over the previous year. The CAGR from the year 2006-07 works out to 6.53 per cent which is comparatively low to the overall CAGR of the period. The increase in the market value of fixed assets is proportionately higher than the increase in the number of enterprises and the employment generated. This demonstrates the 'value add' of the MSME sector, subject to inflation adjustments that need to be factored in.

Based on the results of Third and Fourth All India Census of Small Scale Industries / Micro, Small & Medium Enterprises, an attempt has been made to estimate the share of MSME Sector in manufacturing output and GDP revising the existing ratio-based estimation procedure adopted by the Planning Commission in the year 1992. The methodology is as decided in consultation with the Central Statistics Office, Ministry of Statistics & Programme Implementation. The estimated value of manufacturing output of MSME Sector and its share in total manufacturing output & GDP[85] are as noted in Table 2.4.

TABLE 2.4
CONTRIBUTION OF MANUFACTURING OUTPUT OF MSME (MANUFACTURING SECTOR) IN THE GROSS DOMESTIC PRODUCT (GDP) (AT 2004-05 PRICES)

Year	Gross value of output (Rs. in crores)	Percentage share of MSME	
		Total Manufacturing output	Gross Domestic Product (GDP)
2006-07	11,98,817.55	42.02	7.73
2007-08	13,22,960.41	41.98	7.81
2008-09	13,75,698.60	40.79	7.52
2009-10	14,88,390.23	39.63	7.49
2010-11	16,55,580.60	38.48	7.42
2011-12	17,90,804.67	37.52	7.28

[85]http://msme.gov.in/WriteReadData/DocumentFile/ANNUALREPORT-MSME-2013-14P.pdf, P.24.

While the actual increase seems to be 49 per cent over five years, the CAGR works out only to 8.36 per cent in terms of increase in gross value of output from 2006-07 to 2011-12. It may be noted that the percentage share of MSME both in total manufacturing output and in the GDP have come down from 42.02 to 37.52 and from 7.73 to 7.28 respectively, which shows that this needs to be addressed for more vibrancy of the sector.

A study on the MSMEs finance in India on the needs, gaps and way forward (November 2012) by the International Finance Corporation in partnership with the Government of Japan talks of the huge diversity within the two categories of manufacturing and services. There are thousands of products ranging from hand-made products to high precision machine parts and numerous services catering to both industrial and consumer markets offered by the MSMEs.

The manufacturing sector accounts for an estimated 29 per cent of total enterprises in the MSME sector, while the services sector accounts for the balance 71 per cent. Manufacturing MSMEs feed supply chains of local large enterprises, global large enterprises or local consumer markets. Food processing is the key manufacturing industry. Further a large number of small and medium enterprises in the food and textile industries are export-oriented and serve large global supply chains or global consumer markets. It may be noted that although the services sector accounts for a larger number of enterprises, it is the top ten industries in manufacturing that account for 75% of the sector's total output.[86]

[86] IFC, World bank group, "*MSME finance in India - A research study on needs, gaps and way forward*", in partnership with Government of Japan, November 2012, pp25-26

TABLE 2.5
SHARE OF TOP TEN MANUFACTURING INDUSTRIES IN MSME SECTOR'S GROSS OUTPUT

Industry	Share of Gross output of MSME Sector
Food products and beverages	19%
Textiles	10%
Basic metals	10%
Chemicals and chemical products	8%
Fabricated metal products	7%
Machinery and equipment	6%
Wearing apparel	5%
Rubber and plastic products	4%
Transport equipment	3%
Non-metallic Mineral products	3%
TOTAL	**75%**

Service MSMEs operate in traditional transaction-based industries such as retail trade, small transport operations and knowledge-based industries such as information technology, human resource consulting and others. The services sector is dominated by retail trade, repair and maintenance shops, small transport operators among others, most of which typically contribute far lower compared to the manufacturing sector enterprises. However, the services sector is witnessing a gradual increase in the number of knowledge-based enterprises, which tend to have a higher output per enterpirse as compared to the traditional service companies.

The top ten services industries account for a total of five per cent of the gross output by the MSME sector output:

TABLE 2.6
SHARE OF TOP TEN SERVICES INDUSTRIES IN MSME SECTOR'S GROSS OUTPUT

Industry	Share of Gross output of MSME Sector
Agriculture based activities	1.3%
Repair and maintenance of motor vehicles	1.1%
Retail	0.7%
Professional business activities	0.6%
Computers and information technology	0.3%
Transport and travel agents	0.3%
Forestry and logging activities	0.3%
Other service activities	0.2%
Utilities supply	0.2%
Post and telecommunication	0.1%
TOTAL	**5%**

There are also significant geographical variations in India that impact the distribution of MSM enterprises. The availability of natural resources and other regional characteristics also determine the type of an enterprise and scale of operations.[87]

- The Low income states of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan and Uttar Pradesh account only for 33 per cent of the MSMEs in the country even though these are some of the largest states by population. MSMEs in the region are most active in industries like trade, hotels, transport, agro-processing and communication. The region has been historically characterized by low access to infrastructure such as electricity and roads. Development of infrastructure could potentially increase the industrial base in this region.
- The North eastern states including the seven sisters – Arunachal Pradesh, Assam, Nagaland, Manipur, Meghalaya, Mizoram and Tripura

[87]IFC, World bank group, "*MSME finance in India - A research study on needs, gaps and way forward*", in partnership with Government of Japan, November, 2012, pp.27-30.

account only for 3.4 per cent of the MSMEs in the country. Due to abundant natural resources such as forest produce, fruits and vegetables, MSMEs in this region are mostly involved in handloom, handicrafts, food processing, tourism and sericulture.

- The 'Rest of India' region including the 15 states of Uttarakhand, Andhra, Goa, Delhi, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Karnataka, Kerala, Maharashtra, Sikkim, Tamil Nadu and West Bengal account for 64 per cent of the MSMEs in the country. Only 30 per cent are involved in manufacturing while a dominant 70 per cent operate in the services category. States such as Gujarat, Maharashtra, Kerala and Tamil Nadu are also major hubs of sea trade which spurs the growth of small and medium transport services in the region.

Another factor to be noted is the ownership structure of MSME sector. The IFC report states that the MSME sector has predominantly proprietorships thereby constraining capital access.[88]

TABLE 2.7
OWNERSHIP STRUCTURE OF ENTERPRISES IN THE MSME SECTOR IN INDIA

Type of structure	Share of MSME Enterprises
Proprietorship	94.5%
Partnership, Cooperatives	1.2%
Private Limited, Public Limited	0.8%
Others	3.5%

The type of ownership structure of enterprises determines the form of capital (equity or debt) these enterprises can access and absorb from external sources. For instance, proprietorship and partnership entities cannot accept any form of external equity other than owners' contributions. This can significantly impact growth potential both at start-up stage as well as when the enterprise is in need of growth capital.

[88] IFC, World Bank Group, "*MSME finance in India - A research study on needs, gaps and way forward*", Government of Japan, P.24, November, 2012.

2.3.2 Role of the Indian MSME sector and Constraints Faced

There is no doubt that the MSME sector plays a significant role in the Indian economy. A catalyst for socio-economic transformation of the country, the sector is critical in meeting the national objectives of generating employment, reducing poverty and discouraging rural-urban migration. These enterprises help to build a thriving entrepreneurial eco-system, in addition to promoting the use of indigenous technologies. The MSME sector in India is essential to achieving the targeted growth rate of our nation. This sector nurtures budding entrepreneurs and incubates innovation at its most rudimentary level.

A growth in the MSME sector not only ensures industrialisation in backward areas, but also indicates a more equitable Gini coefficient. With the country moving towards a more inclusive growth agenda, a robust MSME sector can accelerate the growth rate, as they do not necessitate huge investments while simultaneously acting as ancillary units to larger industries. Hence, for the growth of the manufacturing sector in the country, there is a need to focus on the MSME sector. Albeit the sector has shown impressive potential, it also faces a number of challenges to its growth story.[89]

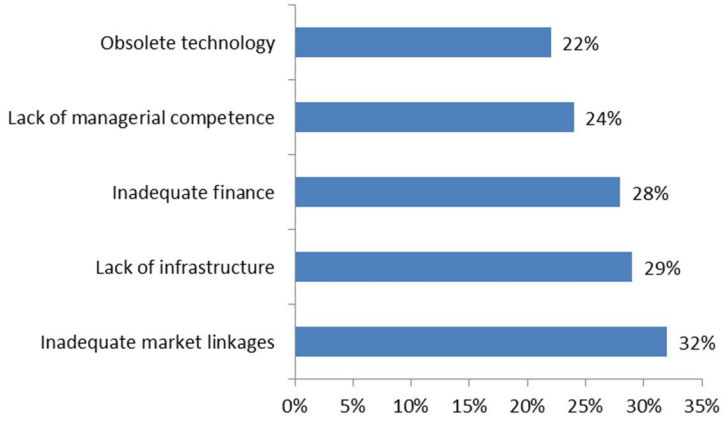
Although the MSME sector has been growing at a faster rate than the overall industrial sector, MSMEs experience multiple constraints that threaten to derail the sector's growth trajectory. Some of the key hindrances are inadequate market linkages, lack of infrastructure, inadequate finance, lack of managerial competence and obsolete technology as given in a report of working group on rehabilitation of sick MSMEs, RBI in Chart 2.1.[90]

---

[89]PWC with CII, "*Financing for MSMEs – The east side story*," https://www.pwc.in/en_IN/in/assets/pdfs/publications/2013/msme.pdf, P.3, 2013.

[90]IFC, World bank group, "*MSME finance in India - A research study on needs, gaps and way forward*", in partnership with Government of Japan,P.31, November, 2012.

CHART 2.1
KEY GROWTH CONSTRAINTS FOR MSMES



The IFC report details the constraints as follows in clear terms:[91]

- Inadequate market linkages: Except in the case of cluster-linked and ancillary MSMEs that have natural linkages with large enterprises, MSMEs tend to have poor market access. The non-cluster MSMEs are fragmented, and as a result, are unable to organise themselves in order to reduce procurement cost from large enterprises or streamline the output supply chain. What is worse, in the absence of adequate market linkages, any demand disruption in the supply chain can severely impact operations because the enterprise capital of these businesses tends to be locked in illiquid inventory and receivables.
- Lack of infrastructure: Limited access to infrastructure such as power, water and roads increases operational costs for MSMEs and makes their businesses uncompetitive. Inadequate access to support infrastructure discourages these units from adopting newer technologies, where available. In addition, poor infrastructure forces small and medium businesses to operate in select geographies, increasing the demand for natural resources in that region.
- Inadequate finance: MSMEs consider challenges in access to finance as one of the biggest constraints in growth. A study on the MSME sector also suggests that the multiple growth constraints (like those mentioned above)

[91] IFC, World Bank Group, "*MSME finance in India - A research study on needs, gaps and way forward*", in partnership with Government of Japan, P.32, November, 2012.

can be largely linked to inadequate access to finance. The Report of Working Group on Rehabilitation of Sick MSMEs by RBI also finds lack of adequate and timely access to working capital finance is one of the key reasons for sickness in the sector.

- Lack of managerial competence: Micro and small enterprises in particular largely comprise first-generation entrepreneurs, who have had a limited structured training on resource planning, capital management and labour management. As a result, lack of managerial competence often shows in poor book-keeping and a limited knowledge of formal financial institutions, which further inhibits the growth of these enterprises.
- Obsolete technology: While industries such as automotive, forging, software development sector require advanced technologies in operations, the majority of the small and medium enterprises do not have that kind of technological edge. A low technology base results in low productivity, which makes these enterprises uncompetitive. Financial institutions associate lack of technology with uncompetitive businesses and therefore are wary of financing enterprises which are not technologically up-to-date in operations. These enterprises too have limited awareness about new technologies, or the technology financing schemes.

The 2007 MSME Census indicated that only five percent of enterprises in the sector had access to some form of formal finance, while over 92 percent of the units lacked access to any form of institutional finance.

TABLE 2.8
SPLIT OF MSMES BY SOURCES OF FINANCE

	No Finance/ Self - Finance	**Through Institutional Sources**	**Through Non-Institutional Sources**
Percentage of Enterprises	92.8%	5.2%	2.1%

Studies on financing pattern in the sector and the MSME census suggest that MSMEs prefer self-financing, which not just includes the savings of the entrepreneurs, but also the finance availed from friends, family and relatives.

However, the situation has been changing in recent years. To address such issues, various central and state government schemes have been rolled out supported by government bodies, banks and financial institutions to infuse funds in this sector.

Policymakers in India have always retained a focus on MSME finance, as indicated by the Priority Sector Lending (PSL) norms for commercial banks that were established, and have been in place, for several decades now. Establishing programs such as the Credit Guarantee Trust in recent times has given a renewed thrust to that objective[92]. Central government bodies such as the National Small Industries Corporation which assists small units by funding requisite machinery, play an important role.

The Small Industries Development Agency is a unique singlewindow service for SSI units. The Reserve Bank of India Rural Planning and Credit Department acts to refinance nationalised banks and financial institutions in the industry sector. The credit guarantee scheme facilitates collateral free credit and merit based lending. Schemes like TUF (Technology Up gradation Fund) provide technological inputs to the beneficiary units.[93]

As a result of greater focus on the MSME segment by the government and the regulators as well as by the financial sector, institutional finance to MSMEs has increased considerably. Building on the 2010 data from the Reserve Bank of India (RBI), it is estimated that financial institutions serve, to some extent or the other, nearly 33 per cent of the enterprises. However, despite the improved access, many micro and small enterprises remain unserved and underserved. Despite the policy efforts and a clearly more

[92] IFC, World Bank Group, "*MSME finance in India - A research study on needs, gaps and way forward*", in partnership with Government of Japan, P.33, November, 2012.

[93]PWC with CII, "*Financing for MSMEs – The east side story,*" https://www.pwc.in/en_IN/in/assets/pdfs/publications/2013/msme.pdf, P.3, 2013.

responsive formal financial sector, the MSME sector continues to face a financing gap due to inherent demand and supply-side constraints.[94]

2.4 MSME SECTOR LANDSCAPE IN TAMIL NADU

The MSME department, Government of Tamil Nadu in its policy statement mentions as follows:[95] "Tamil Nadu is one of the well-developed States in terms of industrial development. In the post liberalization era, the State has emerged as one of the front-runners in attracting large number of domestic and foreign investors. In 2006-2007, the manufacturing sector at constant prices contributed 20.23 per cent to Tamil Nadu's Gross State Domestic Product, while services sector contributed 59.1 per cent of Tamil Nadu's Gross State Domestic Product. Government with a view to stimulate further industrial development, attract investment, facilitate new manufacturing capacity and enable global manufacturing competence and competitiveness of local industry, has announced the 'New Industrial Policy 2007' on 5th November 2007."

"Small and Medium Enterprise (SME) sector does get special attention and support all over the world, even in the developed countries. While some of the issues and problems facing the industry sector are common and have been covered in the policy, Micro, Small and Medium Enterprises (MSMEs) sector suffers from certain handicaps and as such would need special support. Government in the Policy Note for Small Industries Department for the year 2006-07 announced that a policy for the development of Micro and Small Enterprises in the State would be formulated in consultation with industry and in harmony with the broad objectives of Micro, Small and Medium Enterprises Development MSMED) Act, 2006."

---

[94]http://www.ifc.org/wps/wcm/connect/4760ee004ec65f44a165bd45b400a808/ MSME+Report-03-01-2013.pdf?MOD=AJPERES, P.33, 2013.

[95]*MSME Industries Policy*, MSME Department, Government of Tamil Nadu, 2008.

TABLE 2.9
VISION OF THE TAMIL NADU MSME POLICY [96]

- Enhance the competitiveness and scalable capacity of the Micro, Small and Medium Enterprises sector in Tamil Nadu.
- Encourage agro based industries for increasing value addition and giving better income to the farmers.
- Target a sustained annual growth rate of over 10 per cent for MSME sector.
- Promote 10 lakh direct and indirect employment opportunities during the XI Plan period.

TABLE 2.10
MISSION OF THE TAMIL NADU MSME POLICY

Our mission is to accelerate development in Tamil Nadu by maximizing investment, output, growth, employment and manufacturing competitiveness through infrastructure and human resources development in Micro, Small and Medium Enterprises sector.

The rationale for the policy as given below substantially covers and provides an overview of the MSME landscape in Tamil Nadu.

- With the opening up of the economy and the introduction of economic reforms, the challenges faced by and opportunities to this sector have increased manifold. Reduction in trade barriers and improvement in information technology and communication now allow companies to source products and services from the cheapest and most efficient sources across the globe. The process of opening up of the economy and competition in the market has accelerated and must be taken into account when formulating new policy initiatives. The MSMEs should have the ability to respond effectively to change.
- Global practices have come to the Indian market and a high level of technological sophistication is being expected of MSMEs. In this process of forced and accelerated metamorphosis, it is necessary to look at MSME in a

[96]http://www.investingintamilnadu.com/tamilnadu/doc/policy/Tamil_Nadu_MSME_Policy_2008.pdf, pp.1-4, 2008.

disaggregated manner. Upgradation of standards is also enabling these MSMEs to export in their own right. To remain competitive MSMEs must constantly upgrade technology and make fresh investments. Government policy must facilitate a seamless movement from small to medium and large scale sectors. This process must also ensure that the employment intensity of operations, which is crucial to MSMEs, is retained.

- The opening up of Indian markets to global competition implies that sub-standard products would be faced with dwindling space in the Indian market. The basic policy thrust in the MSMEs sector must, therefore, be on 'enhancing competitiveness' and 'promoting job creation'. In this setting, it has become imperative for Government to create a supporting environment for the Industry and the Industrial policy needs to define the role of Government as a facilitator and a catalyst.
- One has to ensure that while those sub-sectors which have the resilience and strength to cope and thrive get the encouragement to do so, others which need help to adjust to the pace of change or to even just to survive, are given the subsidies and supports needed to do so. In other words, in a country where mobility of employment is limited, where deskilling and skilling are happening at a rapid rate, a sector which employs a large workforce and manufactures a range of products ranging from pins to aircraft components, cannot be viewed from a perspective of growth which applauds only the fittest of the traditional and the brightest of the sunrise sub sectors. This is even more compelling when most developed countries are proactive in market support to MSMEs and have strong support systems in place to help technology up gradation, skill building and networking.
- If increasing competitiveness and being part of a larger production chain is crucial to Small and Medium Scale sector in the State, in Micro sector, issues of marketing, technology up gradation, designing and arresting the decline in the production have become critical. MSMEs should be enabled to access the latest technology, indigenous R & D and innovation trends need to be encouraged and infrastructure improved. Government, industry,

research institutions and academia interaction should be facilitated and encouraged to work in collabouration to improve industry capabilities. Firms should be able to obtain credit easily and cheaply and should invest in developing technology.

- In a labour surplus economy like India, the need for policies and programmes to promote employment generation is of paramount importance. Manufacturing Sector has to carry the major burden of increasing employment opportunities in the coming decades directly or indirectly. This is particularly valid for the unemployed persons coming from rural and agricultural sectors. Growth of manufacturing sector lends greater support to Agriculture through more intensive efforts on agro-based Industries. It also creates strong multiplier effects in the services sector in areas like traditional trading, financial services, transport etc. Therefore, the overall employment effect of manufacturing would have to include the indirect generation of employment in the services sector. Besides, within the service sector those of the sub-sectors that are linked to the manufacturing directly need to be concentrated upon as they provide substantial job opportunities. It is, therefore, necessary that robust growth of the manufacturing sector is ensured for creating overall growth and employment possibilities in the economy.
- Considering the fact that the Micro, Small and Medium Enterprises sector accounts for the major share in number of industrial units, output in manufacturing sector and exports in the State besides being a major employment provider next only to agriculture, the need for vitalising this sector assumes greater importance.
- Further the Micro and Small Industries Associations in the State have been continuously pressing for a separate Policy for the development of Micro and Small Enterprises in the State

- While planning for growth, it is also appropriate that timely and adequate attention is also paid to the needs of Enterprises which fall sick so that resources deployed are put to productive use.[97]

All these seem to have warranted a separate policy for the first time, exclusively for Micro, Small and Medium Enterprises sector. Policy interventions have taken various forms including Infrastructure support, Direct catalytic subsidy support, Technical support, Certification and testing support, Skill development and training support, Information and marketing support, Deregulation and simplification of processes and Administration reforms. With all these initiatives, the MSME sector has made a major contribution to the economy of Tamil Nadu. MSMEs in Tamil Nadu produce over 6000 varieties of products including engineering products, electrical, electronics, chemicals, plastics, steel, cement, paper, matches, textiles, hosiery, readymade garments etc. The policy note of the MSME department from the Ministry for Rural Industries and Labour released in the year 2014-15 shows the growth trend in MSMEs as in Table 2.11[98]

TABLE 2.11
TREND IN THE GROWTH OF MSMES IN TAMIL NADU

Year	No. of Units	Investment (Rs. in crores)	Production (Rs. in crores)	Employment (in numbers)
2004-05	16253	1105.81	4556.97	60280
2005-06	20399	1705.20	4414.87	67800
2006-07	19201	714.41	2067.87	110026
2007-08	27209	2547.14	8739.95	242855
2008-09	32049	3557.89	13354.86	294255
2009-10	41799	3214.22	10880.01	151743
2010-11	57902	5872.37	12500.86	405233
2011-12	70758	7429.59	15496.00	502381
2012-13	83348	8751.54	17503.08	583436
2013-14	116393	18939.87	16832.25	494990

[97]http://www.investingintamilnadu.com/tamilnadu/doc/policy/Tamil_Nadu_MSME_Policy_2008.pdf, pp. 6-9, 2008.

[98]*Policy note 2014-15 demand no. 44*, MSME department, Ministry of Rural industries and labour, Government of Tamil Nadu, 2014.

Some of the observations from Table 2.12 over a nine years' time frame are:

- There has been a dip in employment and production in 2013-14 in spite of an increase in number of units and investments.
- 2010-11 has recorded a substantial increase in employment in the sector.
- 2008-09 has recorded a substantial increase in production in the sector.
- The CAGR for number of units over nine years is 24.45 per cent, for the investment amounts is 37.11 per cent, for the production value is 15.62 per cent and for the employment number is 26.35 per cent. While the employment is commensurate with number of units, the production value has not kept pace with the investments made. This shows the need for greater attention to the gaps that hinder the sector from realising its full potential.

2.5 MSME SECTOR LANDSCAPE IN MADURAI DISTRICT

Madurai is the third largest city and the second largest municipal corporation in Tamil Nadu.[99] It is the administrative headquarters of Madurai district in the South Indian state of Tamil Nadu in India. It is the thirty first urban agglomeration in the country of India. Located on the banks of river Vaigai, Madurai has been a major settlement for two millennia and is one of the oldest continuously inhabited cities in the world.[100] It is an ancient city known for its age old legacy combined with the presence of contemporary and modern lifestyle. The fascinating fragrance of jasmine flowers all around Madurai gives one a gentle welcome to the city.

2.5.1 Historical Background

The history of Madurai goes back to the 3rd century BC and the city is mentioned by Megasthenes in his writings. The city was the principal administrative and cultural centre of the Pandiyan dynasty which ruled over the southern parts of Tamil Nadu and Kerala till the first half of the 14th century.

[99] *Brief Industrial Profile of Madurai District*, MSME Development Institute, Chennai, 2012-13.
[100] http://en.wikipedia.org/wiki/Madurai.

The present city of Madurai was founded by Kulasekara Pandian.[101] However, subsequently, the Pandian dynasty was overthrown by the Delhi Sultanate, establishing the province of Malabar.[102] Later Madurai was absorbed into the Vijayanagar Empire. The viceroys of that empire established the Madurai Nayak kingdom and ruled as independent kings from 1559 to 1736. After a brief period of occupation by Chanda sahib and the Carnatic kingdom, Madurai was annexed by the British East India Company in 1801.

2.5.2 Location and Geographical Area[103]

Madurai district was formed in the year 1823, then comprising of the present districts of Dindigul, Theni and Madurai. In order to make district administration more effective and responsive, the Government trifurcated this composited Madurai district into three districts. Dindigul and Theni were carved out in 1984 and 1997 respectively. The district lies between 77 degree-0" and 78 degree-30" of the eastern longitude and between 9 degree-30" and 10 degree-30" of the northern latitude. It has an area of 3741.73 square kilometres and is bounded on the west by Theni, on the north by Dindugal, on the east by Sivagangai and on the south by Virudhunagar districts.

2.5.3 Topography and Demography

The district has 2 revenue divisions, 6 municipalities, 11 blocks and 7 taluks respectively. The taluks are as per Chart 2.2.[104]

---

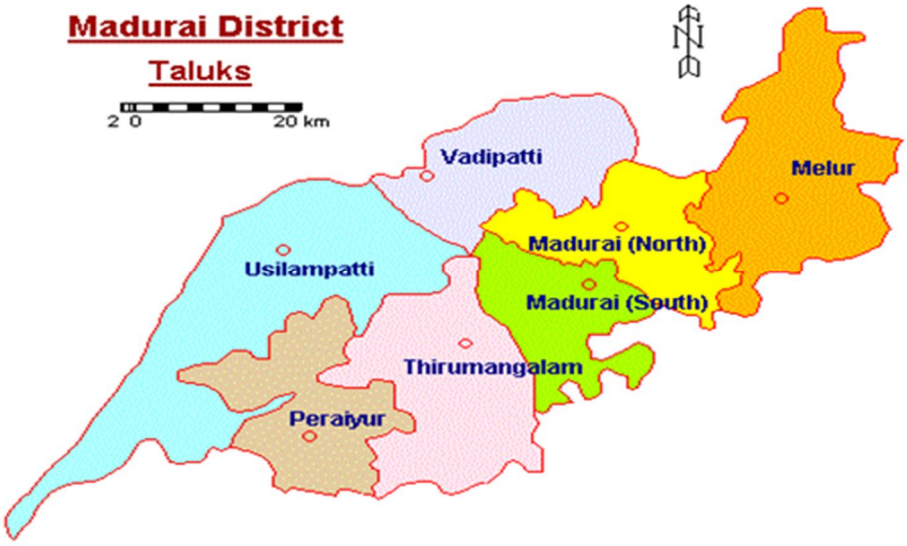
[101] http://www.dicmdu.in/

[102] *Brief Industrial Profile of Madurai District*, MSME Development Institute, Chennai, 2012-13.

[103] http://www.dicmdu.in/profile.htm.

[104] http://www.dicmdu.in/.

CHART 2.2
TALUKS IN MADURAI DISTRICT



The district has a semi-arid tropical climate with normal rainfall of 82.7 cms as against 92.3 for the state. The predominant soil is red soil, with a combination of black soil in certain areas.[105] According to 2011 census, Madurai district had a population of 3,038,252 with a sex-ratio of 990 females for every 1,000 males, much above the national average of 929. There were a total of 1,354,632 workers, comprising 81,352 cultivators; 287,731 main agricultural labourers; 39,753 in house hold industries; 756,066 other workers; 180,730 marginal workers; 11,367 marginal cultivators; 85,097 marginal agricultural labourers; 7,540 marginal workers in household industries and 76,726 other marginal workers.[106]

2.5.4 Economic Eco-System in Madurai District – A General Overview

Madurai was traditionally an agrarian society with rice paddies as the main crop. Cotton crop cultivation in the regions with black soil in Madurai district was introduced during the Nayaka rule during the 16th century to increase the revenue from agriculture.[107] The paddy fields cultivated in the

[105]Brief Industrial Profile of Madurai District, MSME Development Institute, Chennai, 2012-13.
[106]http://en.wikipedia.org/wiki/Madurai_district.
[107]Parthasarathi and Prasannan, "*The Transition to a Colonial Economy: Weavers, Merchants and Kings in South India, 1720–1800*", Cambridge University Press. ISBN 0-521-57042-5, 2007.

Vaigai delta across Madurai North, Melur, Nilakottai and Uthamapalayam are known as "double-crop paddy belts". Farmers in the district supplement their income with subsidiary occupations like dairy farming, poultry-farming, pottery, brick making, mat-weaving and carpentry.[108]

Madurai is famed for its jasmine plantations, called "Madurai Malli", primarily carried out at the foothills of Kodaikanal hills and traded at the Madurai morning flower market. An average of 2,000 farmers sell flowers daily at the flower market.[109] With the advent of Small Scale Industries (SSI) after 1991, the industrialisation of Madurai increased employment in the sector across the district from 63,271 in 1992–93 to 166,121 persons in 2001–02.[110]

Considerable reserves of limestone are available in Melur, Madurai South and Thirumangalam taluks. Quality granite is available in Melur, Graphite in Thirumangalam and Usilampatti, Quartz and Blue metal jelly in Melur. Availability of feldspar and gravel (used as filling material) are reported too. However, the district is not endowed with good forest resources. Livestock resources particularly cows, goats and poultry are reported at 3.5 lacs, 5.12 lacs and 10.45 lacs respectively as per 2007 data.[111]

Madurai is one of the few rubber growing areas in South India[112] and there are rubber-based industries in Madurai.[113] Gloves, sporting goods, mats, other utility products and automobile rubber components are the most produced items by these industries. Automobile producers like General Motors, Ford, Toyota and Honda are the major consumers of components produced in the

---

[108]Ganapathy and Subramaniyan, "*Cotton in Madurai District: An Econometric Analysis*", Northern Book Centre. ISBN 81-85119-31-7, 1987.
[109]National Geographic, "*Sacred Places of a Lifetime: 500 of the World's Most Peaceful and Powerful Destinations*", United States: National Geographic Society, ISBN 978-1-4262-0336-7, 2008.
[110]Soundarapandian and Mookkiah, "*Economic Reforms and Small Scale Industries*", New Delhi: Concept Publishing Company. ISBN 9788180694493, 2009.
[111]Brief Industrial Profile of Madurai District, MSME Development Institute, Chennai, 2012-13.
[112]Bansal and Sunita Pant, "*Encyclopaedia of India*". Delhi: Smriti Books, ISBN 81-87967-71-4, 2005.
[113]"*Industries in Madurai"*, National Informatics Centre, Government of Tamil Nadu, Retrieved 30, June, 2012.

city.[114] There are numerous textile, granite and chemical industries operating in Madurai.[115]

Madurai is promoted as a second-tier city for IT and some software companies like Honeywell Technology Solutions have opened their offices in Madurai.[116] Software Technology Parks of India, an agency of the Government of India, has authorised several such companies to receive benefits under its national information technology development program.[117] The state government proposed two IT-based Special Economic Zones (SEZ) in Madurai, and these are to be fully occupied by various IT companies.[118]

Existence of industrial estate attracts investment opportunities. This seems to be the most appropriate technique for fostering rapid, balanced and decentralized development of SSI. There are five industrial estates functioning in the district - SIDCO Industrial Estate, K. Pudur; SIDCO Industrial Estate, Kappalur; Hosiery Industrial Estate, Uranganpatti; Electrical and Electronic Industrial Estate, Kappalur and Automobile Co-operative Industrial Estate, Kappalur. The MSME Development Institute believes that the industrial climate at present in Madurai will give way to attract new investment opportunities in engineering, chemical, readymade garments, paper and textile industries.[119] The MSME development institute suggests the following ten industries as best suited for the district.

---

[114]"An Industry that Can Bolster the Economy of Madurai", *The Hindu* (Chennai, India), 25 October 2007, Retrieved 24, January, 2009.

[115]*"Industries in Madurai"*, National Informatics Centre, Government of Tamil Nadu, Retrieved 30, June, 2012.

[116]*"36 cities that will shape India's future"*,Rediff, Retrieved 22, August 2012.

[117]"*ELCOT, Madurai*". *Madurai Corporation.* Electronic Corporation of Tamil Nadu Ltd. Retrieved 22, August, 2012.

[118]*"Work on provision of infrastructure begins in Information Technology parks*". *The Hindu* (Chennai, India), 24th December, 2008.

[119]*Brief industrial profile of Madurai district*, 2012-13, MSME Development Institute, Chennai

TABLE 2.12
TOP TEN INDUSTRIES BEST SUITED
FOR MADURAI DISTRICT[120]

No	Product	Indicative Investment	Suitable blocks
1	Coir products	Rs. 5 lacs per unit	Kottampatti, Vadipatti
2	Confectionary	Rs. 5 lacs per unit	Usilampatti, Alanganallur
3	Rice based	Rs. 2 lacs per unit	Usilampatti
4	Milk products	Rs. 5 lacs per unit	Alanganallur
5	Perfumery	Rs.25 lacs per unit	Vadipatti
6	Oil extraction	Rs.10 lacs per unit	Thirumangalam
7	Granite	Rs.25 lacs per unit	Melur
8	Blue metal jelly	Rs.20 lacs per unit	T. Kallupatti
9	Bricks	Rs.15 lacs per unit	Madurai East
10	Herbal products	Rs.5 lacs per unit	Usilampatti

Other than the above, the Institute believes that the district offers ample scope for the field of textiles, readymade garments, bakery units, floriculture units, dairy and cold storage, rubber and plastic based industries. The District Annual Credit Plan envisages implementation of good numbers of innovative and hi-tech projects in the field of agriculture, horticulture, farm forestry, wasteland development, dairy and small-scale industries.[121]

The website of the District Industries Centre of the Department of Industries and Commerce in the Madurai district shows the following as the activity-wise data of registered micro, small and medium enterprises in Madurai district as per the IV All India Census report.

[120] *"Industrial possibility in Madurai district",* www.msmedichennai.gov.in/*MSME/ download.do?...id =10 ...District*
[121] http://www.madurai.tn.nic.in/industries.html#3

TABLE 2.13
ACTIVITY WISE DATA OF REGISTERED MSME IN MADURAI DISTRICT (AS PER IV ALL INDIA CENSUS REPORT)[122]

Sl.No.	Name of Activity	No.of Units
1	Appalam	1177
2	General Engineering	870
3	Oil, Rice and Dhal	860
4	Tailoring	740
5	Repairing and Servicing Units	495
6	Plastic Industries	480
7	Stainless Steel	460
8	Auto Body Building	220
9	Rubber Industries	110
10	Readymade Garments	75
11	Power loom	54
12	Granites Units	50
	Total	5591

To solve unemployment problem and to have an equitable growth of small-scale industries in rural area, District Industries centres were formed throughout the country. The object of the District Industries Centre is to provide all assistance under one roof. In Madurai, the District Industries Centre was formed during 1979. The District Industries Centre is headed by one General Manager and assisted by four Functional Managers.[123]

The District Industries Centre has motivational campaigns to develop entrepreneurship in the district by creating a desire among the student population to choose self-employment instead of opting for wage employment. A technical library has been set up to encourage entrepreneurs to choose industrial ventures and to equip them with sufficient knowledge to face

[122] http://www.dicmdu.in/micro%20small.htm
[123]http://www.madurai.tn.nic.in/industries.html

competition in the market. To remove the hurdles of the entrepreneur in their chosen ventures, a committee called 'Single Window Committee' has been set under the chairmanship of the District Collector; this committee meets once a month and clears projects to enable entrepreneurs commission their projects within targeted time schedule.

The District Export Promotion Cell is formed at the District Industries Centres and functioning from 22nd October 2002. The aim of the District Export Promotion Cell is to promote MSME exports at the district level by identifying the potential industries for exports, identifying suitable markets for exports, inviting entrepreneurs to exploit the potential and giving them proper guidance for exporting their products.[124] The export potential of the district is in readymade garments, terry towels, granites, food products (masala powder, pickles, appalam, pappads) and in aloevera gel.

2.5.5 Economic Eco-System in Madurai District – The Current Scene

An analysis of growth of MSME reveals that the significant change in structure and pattern of the industrial development has taken place within this sector. The MSME Department policy note in 2013-14 mentions that "there has been a phenomenal growth in the number of MSMEs in Tamil Nadu from 387,597 in 2000 to 967,636 registered MSMEs as on 31st March 2014".[125] This is a growth of 150 per cent over 14 years. However, the expansion of industrial activities has not brought any significant and desirable changes in the composition and cluster of industries in the district. Some old industrial groups like agricultural implements, iron ware units are still fighting for retaining their position in the competitive environment. Electronic and software are the recently emerging sectors in Madurai district.[126] After 2005, the MSE enterprises in the district have gone through transition under group initiatives. Cluster movement has encouraged MSME players to create

[124]http://www.dicmdu.in/industries%20potential.htm
[125]*Policy Note 2014-15*, Demand no.44, MSME Department, Ministry for Rural Industries and Labour, Government of Tamil Nadu, 2014
[126] http://dcmsme.gov.in/dips/IPS%20Madurai%202012_tr.pdf

common assets and supported them to scale up their operation under innovative drive.

The details of existing micro and small enterprises and artisan units in the district taken from the District Industries Centre, Madurai and as given in the MSME Development Institute report of 2012-13 given below does not show as rosy a growth as has been given for the State as a whole.[127]

TABLE 2.14
GROUP WISE DISTRIBUTION OF REGISTERED MICRO AND SMALL ENTERPRISES AND ARTISAN UNITS IN MADURAI DISTRICT IN THE YEARS 1999 AND 2009`

S. No.	Name of industry	Year 1999	Year 2009
1	Hosiery and readymade garments	4368	6948
2	Other manufacturing industries and service enterprises	3219	5121
3	Food products	1844	2933
4	Metal products and parts	1522	2421
5	Machinery parts except electrical	1271	2022
6	Paper and paper products	1235	1965
7	Rubber and rubber products	887	1411
8	Chemical and chemical products	788	1254
9	Wood and wood products	650	1034
10	Electrical machinery and apparatus	541	861
11	Cotton textiles	487	775
12	Non-metallic/ mineral products	459	730
13	Transport equipments	421	670
14	Leather and leather products	286	455
15	Basic metal products	255	406
16	Wool, silk and synthetic fibre	185	294
17	Beverages	91	145
18	Jute, hemp and mesa products	26	41
	Total	**18535**	**29486**

[127] *Brief industrial profile of Madurai district,* 2012-13, MSME Development Institute, Chennai

There is a growth of 59 per cent across all the industries. 'Hosiery and readymade garments' has the highest number with 24 per cent of the total units, followed by other manufacturing and service units at 17 per cent, food products at ten per cent, metal products at eight per cent, machinery parts and paper products at seven per cent each, rubber products at five per cent and the others lower than four per cent in the total composition.

The brief industrial profile of Madurai district for the year 2012-13 also details the profile of MSME sector in Madurai district based on its present status. Table 2.15 clearly indicates that there are some MSMEs that have gone out of business completely, some that are on the verge of extinction while a few others are slowly disappearing. However some have managed to change their profiles to continue their existence and sustain themselves while a few are positively progressing.[128]

TABLE 2.15
PRESENT STATUS PROFILE OF MSME SECTOR IN MADURAI DISTRICT

No.	Status	Type of enterprises
1	Progressive	Gold ornaments, Note book binding, Pappadam, Brick industries, Auto servicing, Granite, Tie & Dye
2	Changing	Agricultural implements (changing to pumps), Handloom (changing to sarees and turkey towels), Rubber bushes (changing with modernization and diversification), Aerated drinking water (changing to juice based drinks and beverages), Rice mills (modernising)
3	Disappearing	Stainless steel, Coir based products
4	Almost extinct	Stone carving, Statues, Stove making, Lime based products
5	Extinct	Leather based products, Beedi rolling, Safety matches, Mat weaving and carpentry.

[128]*Brief industrial profile of Madurai district,* 2012-13, MSME Development Institute, Chennai

Given this setting, it would be relevant to note the points brought out in the one-day conference on 'Manufacturing excellence through Micro, Small and Medium Enterprises (MSME),' organised by the Confederation of Indian Industry (CII) on 23rd August 2013. They are given as under.

India's MSMEs are the engines of manufacturing sector's growth. Only if the MSMEs followed global trends they can survive in the market. The total worth of the MSME sector in the State, which employed around 59 lakh people is Rs.48,000 crore. The total worth of goods and services is Rs.18,500 crore. The MSMEs in Madurai could grow by leaps and bounds if effective solutions were found to address the lack of technical expertise and skilled manpower.

Agriculture-based industries should be promoted and provisions made to rope in women to work at the MSMEs. It must be ensured that employment opportunities are generated in rural areas. Products from small industries could be showcased at the proposed convention centre in Madurai. Business and entrepreneurship have become a complex issue owing to fierce competition. Innovation is the key to development of the MSMEs. Only if they innovate, they can cement their position among competitors.[129]

In the context of developing the overall business environment to support the entrepreneurs, a deep thought has to be given to various factors that would back the MSME sector. The system of transport plays a pivotal role in overall economic development of any area. Madurai District has well laid out roads and railways lines connecting all major towns within and outside the State. However, air-connectivity has to be made better to ensure direct exports from the Madurai airport itself.

---

[129]MSME conference Madurai: Innovation key to industrial growth, http:/ /www. the hindu .com /news/ cities/Madurai/msme-conference-madurai-innovation-key-to-industrial growth /article 5055372. ece, August 24th, 2013.

The District possesses a good communication network but bandwidth availability and speed of the internet may have to be improved to compete at the global level. Water that is essential for industrial use and human consumption is available but may require improvement substantially in most areas of the District. The power situation in the last few years has not been very conducive to the growth of the MSME sector and may have to be handled on a war footing for the sustenance of the economic eco-system in the district.

37 banking groups along with their branches are operating in this District. Banks and other financial institutions play a crucial role in promoting rapid industrial growth.[130] They should formulate the lending strategy taking into consideration three factors - taking lending decisions expeditiously based upon the viability of project reports; focusing increased attention on developing backward and most backward areas of the District and promoting new entrepreneurship based upon the genuine requirements of the borrowers.

When all these factors are suitably considered, the eco-system would support the MSME entrepreneur better by providing a vibrant environment where he can harness the potential of his business plan to the best.

2.6 DETERMINANTS OF THE MSME LANDSCAPE

An IFC report on MSME Country indicators done by Khrystyna Kushnir et al (2010) provides an overview of new data on MSME country indicators for 132 economies. The report says there are 12.5 crores of formal MSMEs in this set of economies including 8.9 crores in emerging markets.[131] The study talks of what affects the count of these MSMEs across the countries, descriptive statistics and key obstacles for MSMEs such as access to finance and informality. The following are the major takeaways:

---

[130] http://www.madurai.tn.nic.in/industries.html

[131] Khrystyna Kushnir et al, "*MSME around the world: how many are there, and what affects the count*", World Bank/IFC, 2010.

- Formal MSMEs are more common in high income economies, but in low and middle-income economies, MSME density (number of formally registered MSMEs per 1000 people) is rising at a faster pace.
- Although there is significant variance in the countries' definition of MSMEs, around a third of the countries covered define MSMEs as having up to 250 employees.
- Formal MSMEs employ more than one-third of the world's labour force, but the percentage drops significantly with income level.
- MSMEs are more likely to identify access to finance as their biggest obstacle; in economies with a higher percentage of firms with no formal credit, MSME density is lower.
- A larger informal sector is associated with lower formal MSME density.
- Measures of barriers to firm entry and exit, such as minimum capital requirement and the recovery rate in case of bankruptcy are also associated with lower formal MSME density.

This report talks of informal MSMEs especially in developing counties often outnumbering formal MSMEs many times over and takes India as an example. In India in 2007, there were fewer than 0.16 crores registered MSMEs and 2.6 crores unregistered MSMEs, that is about 17 unregistered MSMEs for every registered one. It is interesting to note that of the 132 economies covered, there are 12.5 crores of formal MSMEs of which 8.9 crores operate in emerging markets. Overall, economies with higher income per capital tend to have more formal MSMEs per 1000 people. The five countries with the highest formal MSME density are as follows: Brunei (122), Indonesia (100), Paraguay (95), the Czech Republic (85) and Ecuador (84).

The information presented in the surveys is also indicative of the key obstacles facing small and medium-sized firms, particularly in developing economies. The top six obstacles mentioned in the order of frequency of citing are electricity, access to finance, practices of the informal sector, tax

administration and tax rates, political instability and corruption. The other obstacles include access to land, business licensing and permits, courts' practices, crime, theft and disorder, customs and trade regulations, inadequately educated workforce, labour regulations and transport.

In many Asian countries, large-scale industrialization has been slow particularly attributed to the shortage of supply of capital as has been mentioned as one of the top obstacles above. Under the circumstances, the problem of unemployment and under-employment can be tackled by the expansion and modernization of the existing MSMEs and by the introduction of new industries capable of raising the level of production and improving the present standard of living.

2.7 CONCLUSION

There is no doubt that the MSME sector is the backbone of the economy particularly in developing countries. The Organisation for Economic Co-operation and Development (OECD) reports that more than 95 per cent of enterprises in the OECD area are MSMEs. These enterprises account for almost 60 per cent of private sector employment, making a large contribution to innovation and support regional development and social cohesion.[132] In developing countries, the MSME sector makes a vital contribution to GDP and employment. Higher growth rate of MSMEs has a direct effect on GDP growth due to increased output, value addition and profits.

MSME also impacts GDP indirectly through increased innovation and macro-economic resilience of the overall economy. Therefore the website of the Development Commissioner of the Ministry of Micro, Small and medium enterprises specifically states that their goal is to "Impart greater vitality and growth impetus to the Micro, Small and Medium Enterprises

[132] http://www.oecd.org/regional/leed/1918307.pdf.

(MSME) in terms of output, employment and exports and instil a competitive culture based on heightened technology awareness."[133]

MSMEs are still the most extensive tools for controlling unemployment world over and to absorb the surplus population of the countryside. The major advantage of the sector is its employment potential at low capital cost. The labour intensity of the MSME sector is much higher than that of large enterprises. They further help to achieve fair and equitable distribution of wealth by regional dispersion of economic activities.[134]

MSMEs assist in fostering a self-help and entrepreneurial culture by bringing together skills and capital through various lending and skill enhancement schemes. These enterprises impart the resilience to withstand economic upheavals and maintain a reasonable growth rate since being indigenous is the key to sustainability and self-sufficiency and therefore to vibrancy.

Tier II cities like Madurai are expected to participate in the shaping of the country's economy going forward. Madurai has been included amongst the thirty six cities that will shape India's future.[135] Hence Madurai district has been taken as a representative district to do an in-depth research in understanding the perspectives of the MSME entrepreneurs in this region. While Madurai has huge potential the eco-system needs to support the MSME entrepreneur better by providing a vibrant environment where he can harness the potential of his business plan to the best. Only then would the Madurai district MSME sector sustain, succeed and grow playing its role in the larger national economy.

---

[133] http://www.dcmsme.gov.in/MSME-DO/sido.htm

[134] *Policy note 2014-15 demand no. 44*, MSME department, Ministry of Rural industries and labour, Government of Tamil Nadu, 2014.

[135] Apurva Bose Dutta, "*Tier II and III Cities – Growth Engines for the future*", http://nbmcw.com/reports/ construction-infra-industry/30474-tier-ii-a-iii-cities-growth-engines-for-the-future.html, NBMCW July, 2013.

3.1 INTRODUCTION

In this chapter, an outline of entrepreneurship and entrepreneurial traits is given and an attempt is made to understand what entrepreneurial competencies are. There is a discussion on whether entrepreneurship can be nurtured at all or is it only a gift of nature. Thereafter, a framework of entrepreneurship traits which has been used as the basis for this research work is categorized and discussed.

3.2 AN OUTLINE OF ENTREPRENEURIAL TRAITS

The first step is to understand 'entrepreneurship' as a 'concept' and the entrepreneurial traits that would be considered in this report as determinants of sustainability of ventures.

3.2.1 Entrepreneurial Traits and Competencies

Entrepreneurship is the process of starting a business or other organisation. The entrepreneur develops a business model, acquires the human and other required resources, and is fully responsible for its success or failure. Entrepreneurship operates within an entrepreneurship ecosystem.[136] Entrepreneurship is often associated with true uncertainty, particularly when it involves something really novel, whose market did not already exist. However, even if a related market already exists, nothing guarantees that room exists for a particular new entry.

The word *entrepreneur* originates from the French word, entreprendre, which means "to undertake."[137] In a business context, it means "to start a business". The Merriam-Webster Dictionary presents the *definition* of an *entrepreneur* as one who organises, manages, and assumes the risks of a business or enterprise.[138] Wikipedia suggests that "Entrepreneurship is the process of starting a business or other organisation. The entrepreneur develops

[136] http://en.wikipedia.org/wiki/Entrepreneurship
[137] http://www.quickmba.com/entre/definition/
[138] http://www.merriam-webster.com/dictionary/entrepreneur.

a business model, acquires the human and other required resources, and is fully responsible for its success or failure. Entrepreneurship operates within an entrepreneurship ecosystem".[139]

Business dictionary defines entrepreneurship as "The capacity and willingness to develop, organise and manage a business venture along with any of its risks in order to make profits. In economics, entrepreneurship combined with land, labour, natural resources and capital can produce profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global market place."[140]

A trait is a distinguishing quality or characteristic and a competency is the ability to do something successfully or efficiently. Competence is a fuzzy concept useful in bridging the gap between education and job requirements (Boon and Van Der Klink 2002). To have competencies is to possess the necessary attributes to perform competently (Burgoyne, 1988). Competence is the characteristic of an individual that has been shown to drive superior job performance (Hartle, 1995).

Competencies include knowledge, skills, attitudes, values, behaviours and characteristics that people need to do a job successfully. They correlate with job performance and can be measured against standards. One can also contrast areas of competence (aspects of the job which an individual can perform) with competency (a person's behaviour underpinning competent performance). Competencies are connected to activities and tasks, and tend to be interrelated.

Competency is a term that allows for flexibility in adapting to diverse and changing organisational demands. A competency is something that can be learned and developed. Entrepreneurship is the capacity to perceive and act

[139] http://en.wikipedia.org/wiki/Entrepreneurship
[140] http://www.businessdictionary.com/definition/entrepreneurship.html

upon opportunities in the environment, the pursuit of opportunity regardless of resources controlled and the creation of something from nothing.

The key competencies of an entrepreneur include recognizing opportunity, assessing opportunity, vision/ seeing the future, creative problem-solving, resource leveraging/ boot strapping, mitigating and managing risk, planning/ modelling when nothing exists, innovation, building and managing networks, the ability to maintain focus, action orientation/ implementation, tenacity/ perseverance and ability to learn from experiences.[141]

Martin Lackeus has done detailed work on entrepreneurial competencies in his research work[142] and talks of entrepreneurial competencies as knowledge, skills and attitudes that affect the willingness and ability to perform the entrepreneurial job of new value creation; that can be measured directly or indirectly; and that can be improved through training and development. However, there are multiple view points on whether such traits/ competencies can be developed or whether they have to be inborn.

3.2.2 Entrepreneurship - Nature or Nurture

A question that always crops up when it comes to entrepreneurship is 'whether entrepreneurs are born or made'. A corollary query is 'whether the entrepreneurship traits are a gift of nature or can be nurtured and developed by an entrepreneur'. The article in the e-journal 'Entrepreneur'[143]raises the question: Are entrepreneurs a special breed, born into this world with a drive and need to succeed that most of humanity lacks, or can they can be created through education, experience and mentorship? It has considered the views of

[141]Michale H Morris, *"What should we really be teaching: competencies as a focal point for entrepreneurship education"*, California Entrepreneurship Educators Conference, San Diego, March, 2014.

[142]Martin Lackeus, "*Developing entrepreneurial competencies: An action-based approach and classification in entrepreneurial education*", licentiate thesis, Chalmers University of Technology, Gothenburg, Sweden, 2013.

[143]Jason Daley, "*Are entrepreneurs born or made*?",http://www.entrepreneur.com/ article/228273, Entrepreneur issue, October, 2013.

two experts with research work to their credit in the field of entrepreneurship as below:

James V. Koch is a Board of Visitors professor of economics and president emeritus at Old Dominion University in Norfolk, Va. He's also co-author with James L. Fisher of the 2008 book *Born, Not Made: The Entrepreneurial Personality*, which argues that many entrepreneurs are simply wired that way, giving them a natural advantage in the business world.[144] The first sentence of his book says, "Entrepreneurs are different."

He believes, “They have the ability to deal with uncertainty, to take risks and tolerate ambiguity. They usually have a personality that is mercurial, and they have highs that are really high and lows that are really low. There's good evidence that they have strong self-confidence but also tend to be overoptimistic. They rely extensively on their own intuition. All these things aren't positive. A very large proportion of entrepreneurs fail. They tend not to be as devoted to consensus decision-making. They violate the status quo more often. Many don't accept defeat or losses gracefully. They are energetic, and a higher percentage tend to be loners and work long hours. All of these things appear in other segments of the population, but they appear more commonly among entrepreneurs. Research shows there's heritability in these traits, and some genetic determinants of these personality characteristics.”

While he argues that entrepreneurs are born, there is a point of view at the other end of the spectrum suggested by other researchers. Julian Lange, a senior professor of entrepreneurship at Babson College in Wellesley, Mass, has a different view. His research in the past five years indicates that exposure to the ideas and lessons of entrepreneurship can have lasting effects on students, even if they are not "natural" entrepreneurs.

---

[144]James L. Fisher and James V Koch, “*Born, Not Made: The Entrepreneurial Personality*”, September, 2008.

He believes entrepreneurship can be taught as much of recent research shows so. “The thing that some people talking about genetics are getting at is that people have different proclivities toward entrepreneurship and different sets of skills or endowments intellectually. Maybe, simply put, you can't teach someone to be passionate about entrepreneurship. On the other hand, people can definitely discover their passion for entrepreneurship in the classroom. And in terms of general skills, if they start out with interests or endowments that make them more likely to be entrepreneurs or less likely, you can enhance their ability to be entrepreneurs through teaching. In some ways we can say there is a certain element of entrepreneurs that are born, not made. But some entrepreneurs can be made better.”

Julian Lange also mentions about a study he did with professors William Bygrave and Edward Marram at Babson,[145] investigating and coming to the conclusion that entrepreneurial education has a lasting influence over whether people became entrepreneurs. He believes, “Entrepreneurial Education helps people to change at different points in their business and personal lives. It helps them become more receptive to entrepreneurship”. Such education “develops skills they may already have to be more useful-technical skills or leadership skills. Also, being in an environment where other people are interested helps in networking, getting feedback and determining what is necessary at different stages of an idea.” He says, “There's a continuum, from people who don't want to take risks to daredevils and everything in between. I've observed many entrepreneurs over time, and it's on a spectrum. Sure, entrepreneurs are better if they're willing to take risks, but they also have to respect that risk. Some people don't want any risk, and some are always looking for risk. Most entrepreneurs I know and observe are people in the

[145]http://www.babson.edu/News-Events/babson-news/Pages/110620-does-entrepreneurship-education-have-value-can-entrepreneurship-be-taught.aspx, 2011.

middle. They're not willing to take risk for risk's sake, but they'll take it if it's necessary to start or advance or keep their business going".[146]

For Frank H. Knight[147] and Peter Drucker, entrepreneurship is about taking risk. The entrepreneur is willing to put his or her career and financial security on the line and take risks in the name of an idea, spending time as well as capital on an uncertain venture. Knight classified three types of uncertainty - Risk, which is measurable statistically (such as the probability of drawing a red colour ball from a jar containing five red balls and five white balls), Ambiguity, which is hard to measure statistically (such as the probability of drawing a red ball from a jar containing five red balls but with an unknown number of white balls) and True Uncertainty or Knightian Uncertainty, which is impossible to estimate or predict statistically, such as the probability of drawing a red ball from a jar whose number of red balls is unknown as well as the number of other coloured balls.

'Opportunity recognition' is a major trait that an entrepreneur needs to have. While the exact components and essential sequences of an entrepreneurship mind-set aren't accepted by everyone yet, most agree that the ability to recognize opportunity is one of the first steps. Knowing when you have an idea, and the ability to explain it to others, is opportunity recognition in its simplest form. The success in recognizing opportunity, though, lies in asking the questions about what is missing or what could be better.[148]

Getting good at that mind-set takes practice and is a habit that can be formed. Even though it's just the first step on the path of learning an entrepreneurship mind-set, the power of recognizing opportunity is

---

[146]Jason Daley, "*Are entrepreneurs born or made*?",http://www.entrepreneur.com/ article/228273, Entrepreneur issue, October, 2013.

[147]Knight, Frank Hyneman, "*Risk, Uncertainty and Profit*", Cosimo, Inc. ISBN 978-1-59605-242-0, 2005.

[148]Amy Rosen, "*Recognising opportunity is the first step to an entrepreneurial mindset*", http://www.entrepreneur.com / article/234299, May, 2014.

transformative. When one starts consistently doing it, one is on his way to thinking like – and perhaps being – an entrepreneur.

Innovation is yet another important trait for entrepreneurial growth. In the paper "*Preparing for the Next Silicon Valley Opportunities and Choices*", the importance of innovation for entrepreneurship and how that in turn leads to socio-economic growth of the region is explained. The paper suggests that it is for the regional stewards to build a future that blends multiple innovations to improve the socio-economic quality of living in the local communities.[149] Needless to add entrepreneurs play a major role in creating this vibrant environment.

Whereas much of today's discussion treats entrepreneurship as something mysterious, whether a gift, talent, inspiration or 'flash of genius', innovation and entrepreneurship are a practice and a discipline. They are purposeful tasks that can and should be organised. Entrepreneurs see change as the norm and as healthy. Usually, they do not bring about the change themselves. But, the entrepreneur always searches for change, responds to it and exploits it as an opportunity.

Although it is commonly believed that entrepreneurship is "risky", this is true mainly because so few of the entrepreneurs know what they are doing; sometimes, they violate elementary and well-known rules. But entrepreneurship does not have to be high-risk. It does need, however, to be systematic.

Systematic innovation is the purposeful and organised search for changes and the systematic analysis of the opportunities such changes might offer for economic or social innovation. As a rule, these are changes that have already occurred or are under way. The overwhelming majority of successful

[149]Doug Henton et al, Collabourative Economics with input from Next Silicon Valley Leadership Group members, "*Preparing for the Next Silicon Valley Opportunities and Choices*", http://www.geocities.ws/fosilramcom/ DOWNLOAD/commtheory.pdf, June, 2002.

innovations exploit change. Thus, the discipline of innovation is a diagnostic discipline: a systematic examination of the areas of change that typically offer entrepreneurial opportunities.

Systematic innovation means monitoring seven sources for innovative opportunity. The first four sources lies within the enterprise or within an industry or service sector and are visible primarily to people within that industry or service sector – the unexpected success or unexpected failure, the incongruity between reality as it actually is and reality as it is assumed to be, the innovation based on process need and changes in industry structure or market structure that catch everyone unaware. The second set involves changes outside the enterprise or industry and include demographics, changes in perception, mood or meaning and new knowledge, both scientific and non-scientific.[150]

Peter F. Drucker[151] elabourates on how appropriate learning can mean the difference between a successful innovation and a failure by discovering profitable opportunities to search for change, respond to it and exploit it with new products or service offerings. He discusses how innovation can build the competitive advantage for a business if an entrepreneur is open to recognizing that opportunity.

On the question of entrepreneurs being made or born, many argue that there is enough evidence to suggest that entrepreneurship can be taught (Kuratko, 2005, Gorman et al., 1997, Pittaway and Cope, 2007a). There are those who believe that entrepreneurs are born and not made (Nicolaou and Shane, 209). A middle way believes that certain aspects of entrepreneurship

[150]http://info.tabboards.com/Running%20My%20Business/Member%20Retention/White%20Papers/Book%20summaries/Innovation%20and%20Entrepreneurship.pdf

[151]Peter F Drucker, "*Innovation & Entrepreneurship*", Harper & Row Publishers Inc, ISBN 088730-618-7, 1993.

cannot be taught such as self-confidence, persistence and energy levels (De Faoite et al., 2003).[152]

Bruyat and Julien in their article[153] talk of 'entrepreneurship' as a dialogic system consisting of two entities – an individual (subject) and the new value created or enterprise (object). They posit that a process of interaction with the surrounding environment over time profoundly changes both these entities – the entrepreneur and the enterprise.

3.3 A FRAMEWORK FOR ENTREPRENEURIAL DETERMINANTS

Entrepreneurial competences which are actually learnable and measurable- knowledge, skills and attitudes are the base for construction of individuals' beliefs, potential reactions, expectations and attitudes about their potential performance and of their views on the feasibility of possible entrepreneurial ideas and as such they positively affect entrepreneurial intentions. Individuals with the intention are more able to focus their attention, experience and knowledge in a specific subject or a method of behaviour. Therefore, entrepreneurial intention positively influences the emergence of entrepreneurial or enterprising behavioural and cognitive change.[154]

3.3.1 The Knowledge-Skills-Attitude Framework

Table 3.1 is Lackeus' framework[155] for entrepreneurial competencies, based on learning outcomes in entrepreneurship education proposed by Fisher et al (2008) leaning on a general training evaluation framework proposed by

---

[152]Martin Lackeus, "*Developing entrepreneurial competencies: An action-based approach and classification in entrepreneurial education*", licentiate thesis, Chalmers University of Technology, Gothenburg, Sweden, 2013.

[153]Chirstian Bruyat& PA Julien, "*Defining the field of research in entrepreneurship*", Journal of Business Venturing 16, pp 165–180, 2000.

[154]Valerji Dermol, "*Development of Entrepreneurial competences*", (http:// www. emuni. si/press/ISSN/1855-3362/3_027-047.pdf), International School for Social and Business Studies, Celje, Slovenia, 2011.

[155]Martin Lackeus, "*Developing entrepreneurial competencies: An action-based approach and classification in entrepreneurial education*", licentiate thesis, Chalmers University of Technology, Gothenburg, Sweden, 2013.

Kraiger et al (1993) consisting of cognitive, skill-based and affective learning outcomes.

TABLE 3.1
ENTREPRENEURIAL COMPETENCIES FRAMEWORK

Main Theme	Sub Themes
Knowledge	Mental models (Kraiger et al., 1993) Declarative knowledge (Kraiger et al., 1993) Self-insight (Kraiger et al., 1993)
Skills	Marketing skills (Fisher et al., 2008) Opportunity skills (Fisher et al., 2008) Resource skills (Fisher et al., 2008) Interpersonal skills (Fisher et al., 2008) Learning skills (Fisher et al., 2008) Strategic skills (Fisher et al., 2008)
Attitudes	Entrepreneurial passion (Fisher et al., 2008) Self-efficacy (Fisher et al., 2008) Entrepreneurial identity (Krueger, 2005, Krueger, 2007) Proactiveness (Sánchez, 2011, Murnieks, 2007) Uncertainty/ambiguity tolerance (Sánchez,2011, Murnieks, 2007) Innovativeness (Krueger, 2005, Murnieks, 2007) Perseverance (Markman et al., 2005, Cotton, 1991)

3.3.1.1 Knowledge

Mental models and insights are required for an entrepreneur in various areas related to his business. Other than strong domain knowledge and operational comfort in the area that he works in, it is important to understand the dimensions of factors of production and how they operate.

As the interaction with the surrounding environment keeps happening, a good grasp of the various functional aspects of the enterprise becomes increasingly crucial for the entrepreneur. Only then a self-insight of how these various functions (finance, human resources management, marketing process, strategy, administration, technology) interact in his business would be clear. This alone would lead to better decision making for the enterprise.

3.3.1.2 Skills

The World Health Organisation talks of Life Skills as "psychosocial abilities for adaptive and positive behaviour that enable individuals to deal effectively with the demands and challenges of everyday life".[156] The broad framework given for general life is equally applicable to an entrepreneur at work and would include (1) Social skills (Self-awareness, Empathy, Communication, Inter-personal relationships); (2) Thinking skills (Creative thinking, Critical thinking, Problem solving and Decision making skills) and (3) Emotional skills (Coping with stress and coping with emotions).

Other than these, it would be important to look at managerial skills, leadership skills and people skills. The entrepreneurial approach would demand skills of risk taking, information-seeking for opportunity recognition, innovativeness and networking. The skills listed in Table 3.1 along with the basic life skills as given by WHO serve as an illustrative basis to derive the skills' related traits.

3.3.1.3 Attitude

In this research, the attitude that would determine the altitude of the entrepreneurs has been focussed on substantially. One of the frameworks that has been used as a reference point is that of Daniel Goleman who talks of Emotional Intelligence as a wide array of competencies and skills that drive leadership performance.

Emotional competencies are not innate talents, but rather learned capabilities that must be worked on and can be developed to achieve outstanding performance. Goleman posits that individuals are born with a general emotional intelligence that determines their potential for learning

[156] *www.unicef.org/lifeskills/index_7308.html.*

emotional competencies. His model[157] outlines five main EI constructs as follows:

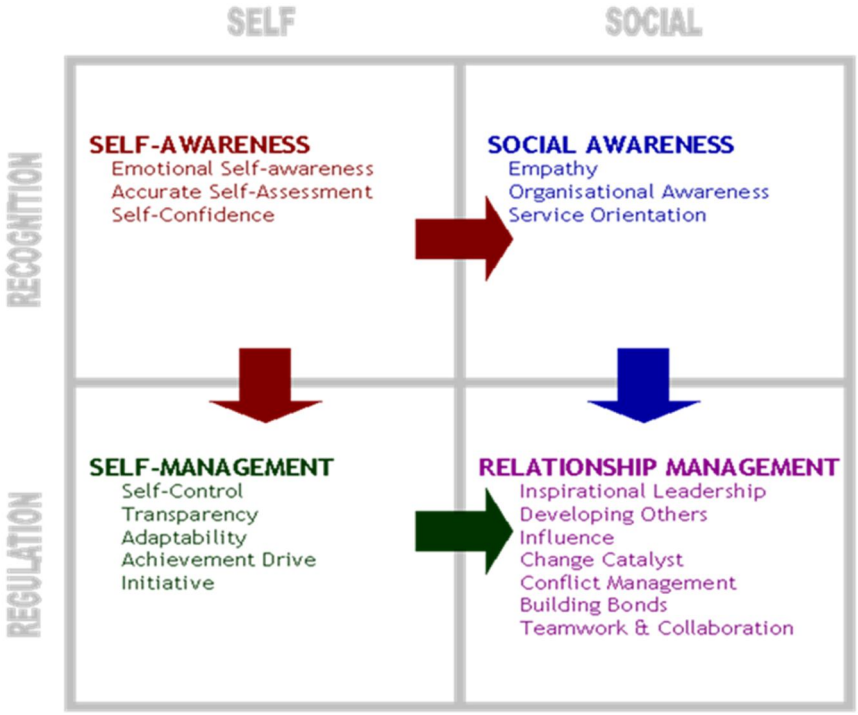
- **Self-awareness**: The ability to recognize and understand personal moods and emotions and drives, as well as their effect on others. Hallmarks of self-awareness include self-confidence, realistic self-assessment, and a self-deprecating sense of humour. Self-awareness depends on one's ability to monitor one's own emotion state and to correctly identify and name one's emotion.
- **Self-regulation**: The ability to control or redirect disruptive impulses and moods, and the propensity to suspend judgment and to think before acting. Hallmarks include trustworthiness and integrity; comfort with ambiguity and openness to change.
- **Internal motivation:** A passion to work for internal reasons that go beyond money and status - which are external rewards, such as an inner vision of what is important in life, a joy in doing something, curiosity in learning, a flow that comes with being immersed in an activity and a propensity to pursue goals with energy and persistence. Hallmarks include a strong drive to achieve, optimism even in the face of failure and organisational commitment.
- **Empathy**: The ability to understand the emotional makeup of other people and a skill in treating people according to their emotional reactions. Hallmarks include expertise in building and retaining talent, cross-cultural sensitivity and service to clients and customers. (In an educational context, empathy is often thought to include, or lead to sympathy, which implies concern or care or a wish to soften negative emotions or experiences in others.)
- **Social skills:** Proficiency in managing relationships and building networks and ability to find common ground and build rapport. Hallmarks of social

[157]Daniel Goleman, "*What makes a leader*", http://www.undp.org/content/dam/samoa/docs /UNDP_WS_TLDP2_Whatmakesaleader.pdfBest of Harvard business review, 1998.

skills include effectiveness in leading change, persuasiveness and expertise building in leading teams.

These interact with each other in the larger eco-system as follows:

TABLE 3.2
INTERACTION OF VARIOUS COMPONENTS OF EMOTIONAL INTELLIGENCE[158]



Various studies note that only individuals who possess appropriate knowledge, skills and attitudes and who have sufficiently strong entrepreneurial intention enter into entrepreneurship or enterprising ventures – establish a firm, create and commercialise innovations or establish coalitions. In order to successfully implement entrepreneurial learning, it is necessary to choose the right methods of teaching and to adjust them to the objectives and competences that the individuals should achieve. There is a need to develop a framework of the various competences/ factors/ determinants which the entrepreneur needs to equip himself with to ensure sustainability and success of his enterprise.

[158]http://www.sonoma.edu/users/s/swijtink/teaching/philosophy_101/paper1/goleman.htm

3.3.2 A Framework for Determinants of Entrepreneurship

Using the Knowledge-Skills-Attitude framework given above and an understanding based on general interactions over time with MSME entrepreneurs in the district, the researcher developed a framework of determinants categorising determinants into three categories – Enabling determinants, Driving determinants and Propelling determinants.

TABLE 3.3
DETERMINANTS OF ENTREPRENEURSHIP

No.	Determinants	Classification	Factors
1	**Enabling determinants**	Those determinants that enable the entrepreneur with his business and would be specific to his nature of operations	Seed capital Current capital Location Labour and Marketing
2	**Driving determinants**	Those determinants that drive the entrepreneur towards his goals providing him the needed 'fire' to achieve them and sustain his business by setting a bar for himself	Accessibility factors Social factors and Motivational factors
3	**Propelling determinants**	Those determinants that propel the entrepreneur in his journey and ensure that he keeps to it, crosses the bar and raises the bar to ensure both survival and growth of business	Applied knowledge Business management skills Entrepreneurial approach Personal attitude Business related attitude Support and guidance

Each of the determinants has been split into sub-factors specifically to capture the descriptive feelings of an entrepreneur on each of these on a five point scale. The three categories are given in the Tables 3.4, 3.5 and 3.6.

TABLE 3.4
ENABLING DETERMINANTS OF ENTREPRENEURSHIP

Factors	Sub Factors
Seed capital	Sufficiency of seed capital Importance of capital in availing loans Support in solving teething trouble Support for sustained growth Availability of seed capital
Current capital	Adequacy of current capital Confidence in raising funds Effective utilization of capital Availability of loans Knowledge in financial management
Location	Importance of location Investment in location Relationship with other factors Access to city limits
Labour	Cost of labour Skill of labour Attrition of labour Training of labour Trustworthiness of labour Knowledge of people management
Marketing	Ease of marketing Knowledge about marketing function Expectations of brand value, variety Competition in the market Marketing strategy

TABLE 3.5
DRIVING DETERMINANTS OF ENTREPRENEURSHIP

Accessibility	Access to financial institutions Access to raw materials Access to markets Access to relevant business information Access to relevant business training Access to relevant technology Access to infrastructure
Social	Social acceptance Networking within and without Acceptance of product/ service Prejudices of class/ gender
Motivational	Self- actualisation factors Self- esteem factors Acceptance factors Security factors Physiological factors

TABLE 3.6

PROPELLING DETERMINANTS OF ENTREPRENEURSHIP

Applied knowledge	Strategy Finance Marketing and sales People Management Operations Statutory requirements Information technology
Business Management skills	Managerial skills Leadership skills People skills Business skills
Entrepreneurial approach	Innovation Information seeking and opportunity recognition Risk awareness and risk-taking Networking strengths
Entrepreneurial attitude - personal	Self-awareness Empathy Inter-personal relationships Self-control Ability to handle success
Entrepreneurial attitude – business related	Ability to handle barriers Ability to handle statutory issues Ability to handle expansion Ability to handle career comparisons Burning desire to succeed Undeviating focus on business Compatibility of business with own interests and values
Support and guidance for business	Mentorship support Family support Partnership support Team/ employees' support Financial strength and support

3.4 CONCLUSION

A framework of competencies has been created in this chapter by grouping the competencies into three broad heads – enabling determinants, driving determinants and propelling determinants. This framework is to act as the backdrop against which the entrepreneurs can check where they stand now and how much they need to develop over time to ensure their sustainability and growth.

The idea of grouping is to create a map of mastering a competency based on knowledge and understanding (what one needs to know about resource leveraging), attitude and self-awareness (what one needs to think, believe and feel about resource leveraging) and skills and behaviour (what one needs to be able to do in terms of resource leveraging).

The researcher posits that ‘returns are not related to risks but to superior skill in handling risks’ and if one has a passion for entrepreneurship, the relevant skills can be developed to understand and handle risks; suitable traits can be developed and nurtured with the right inputs in this direction.

4.1 INTRODUCTION

To understand the determinants of entrepreneurship in the Madurai MSME sector, it is important to understand the demographic profile of the entrepreneurs. The demographic profile of the respondents has been analysed based on each of the constituent factors, such as gender, age, qualification etc. on the personal front and specific aspects related to their business on the professional front. The attempt is to understand the typical profile of an MSME entrepreneur in Madurai district.

In the second section, how the demographic factors have an impact on the various determinants of entrepreneurship is examined. This is to identify the role the various demographic factors play in determining the success and sustainability of the entrepreneurial ventures.

4.2 ANALYSIS OF DEMOGRAPHIC PROFILE

4.2.1 Gender

Of the total 150 respondents, females account only for two per cent. This shows that the entrepreneurship field in Madurai is dominated by male members only. However, the positive indication is that even though a negligible percentage, women are also getting into the field of entrepreneurship in Madurai district now.

TABLE 4.1

GENDER

Gender	Frequency	Percent
Male	147	98.0
Female	3	2.0
Total	**150**	**100.0**

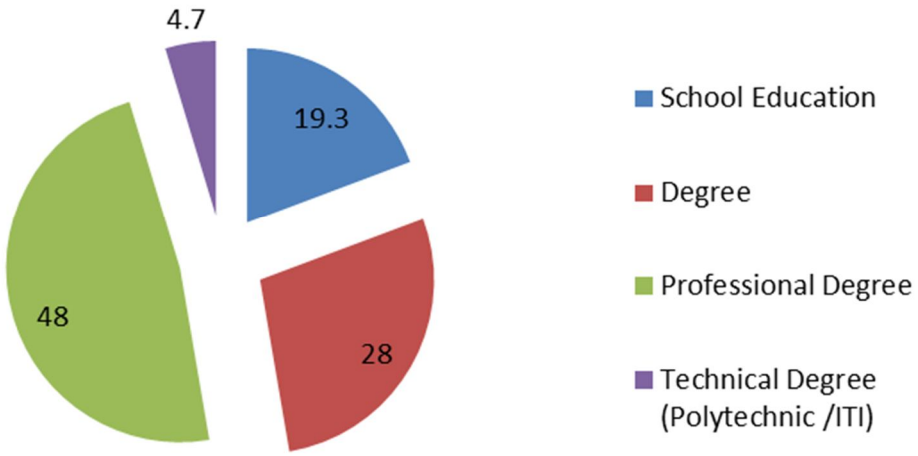
4.2.2 Educational Qualification

Almost half of the respondents (48 per cent) have a professional degree in engineering, business management etc., while about 28 per cent are degree holders. Respondents who have completed their school education alone are a mere 19.3 per cent. More than 75 per cent of the entrepreneurs are educated of whom two thirds are well qualified with a professional degree. Entrepreneurship has been chosen over employment though these respondents with a degree/ professional qualification could have opted for jobs in the public or private sectors as 'employees'.

TABLE 4.2
EDUCATIONAL QUALIFICATION

Educational Qualification	Frequency	Percent
School Education	29	19.3
Degree	42	28.0
Professional Degree	72	48.0
Technical Degree (Polytechnic /ITI)	7	4.7
Total	**150**	**100.0**

CHART 4.1
EDUCATIONAL QUALIFICATION

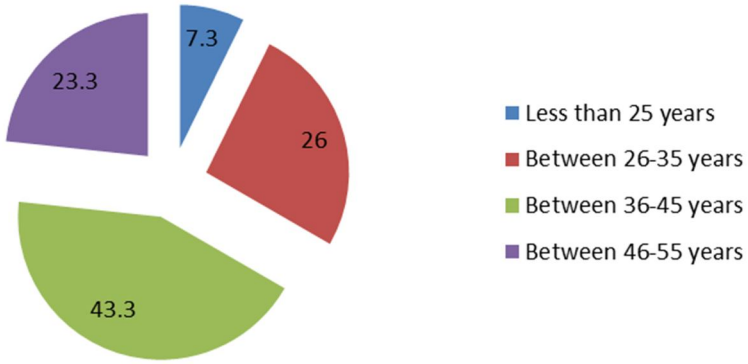


4.2.3 Age of the Respondents

TABLE 4.3
AGE OF RESPONDENTS

Age	Frequency	Percent
Less than 25 years	11	7.3
Between 26-35 years	39	26.0
Between 36-45 years	65	43.3
Between 46-55 years	35	23.3
Total	**150**	**100.0**

CHART 4.2
AGE OF RESPONDENTS



Almost 44 per cent of the respondents fall in the age group of 36 to 45 with an almost equal number of 26 per cent and 23.3 per cent falling on either side between 26 to 35 and 46 to 55. This comes across as a typical normal curve with only about 7.3 per cent below 25 years. It would be safe to conclude that most of the respondents would have had a minimal ten to twelve years of experience in the field of entrepreneurship. It would also be true that since there is no one above 55 years in the respondents' group, this must be a generation of entrepreneurs who are exposed to the current management thinking and operating in a liberalized, globalized, privatized, tech savvy business environment.

4.2.4 Marital Status

87.3 per cent are married and only 12.7 per cent are single. Most of the entrepreneurs who have responded are married and this corroborates well with the age profile of the respondents.

TABLE 4.4
MARITAL STATUS

Marital status	Frequency	Percent
Married	131	87.3
Single	19	12.7
Total	**150**	**100.0**

4.2.5 Family Type

TABLE 4.5
FAMILY TYPE

Family type	Frequency	Percent
Single	40	26.7
Joint	74	49.3
Nuclear	36	24.0
Total	**150**	**100.0**

Almost 50 per cent of the entrepreneurs live in joint families. It leads us to believe that the joint family system is still quite widely prevalent in Madurai. However, we are not able to conclude whether that is a general socio cultural aspect of Madurai or if it is to do with families that are in business. It is noted that only one fourth of the respondents live in nuclear families. Taking into consideration the Table 4.4 where only about 12.7 per cent are single in their marital status, Table 4.5 reporting 26.7 per cent living in a single status shows that about 14 per cent of the respondents are living in a single status to pursue their entrepreneurship activities.

4.2.6 Business Nature

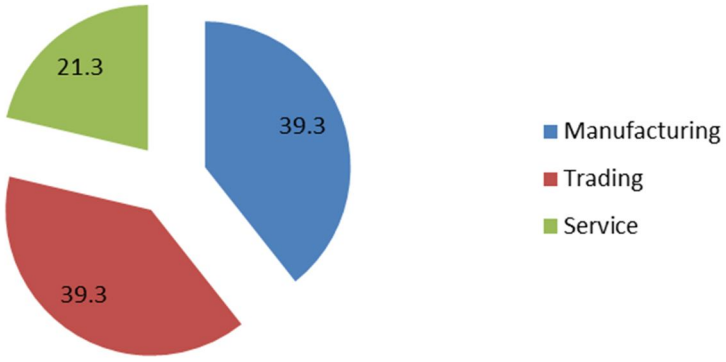
The nature of business is predominantly split between 'manufacturing' and 'trading' as almost 40 per cent each, leaving just about 21 per cent in the 'service' sector. It may lead us to believe that service oriented businesses have not become very common and that orientation to run such businesses is yet to evolve.

TABLE 4.6

BUSINESS NATURE

Nature of business	Frequency	Percent
Manufacturing	59	39.3
Trading	59	39.3
Service	32	21.3
Total	**150**	**100.0**

CHART 4.3
BUSINESS NATURE



While manufacturing business would rely heavily on capital, machinery and production processes, trading business would rely on the product and its acceptance in the market. Service oriented businesses depend on 'people' and their skills; this is only one fifth represented in the respondents' sample.

4.2.7 Industry Focus

TABLE 4.7
INDUSTRY FOCUS

Industry focus	Frequency	Percent
Industrial goods	30	20.0
Consumer goods	39	26.0
Others	81	54.0
Total	**150**	**100.0**

54 per cent of the respondents are neither in industrial goods nor consumer goods sectors. This leads us to believe that bulk of them must be in cottage industries and items of routine consumption by customers. It may also mean that their per-product price would be comparatively low and volume based achievements would be important for growth.

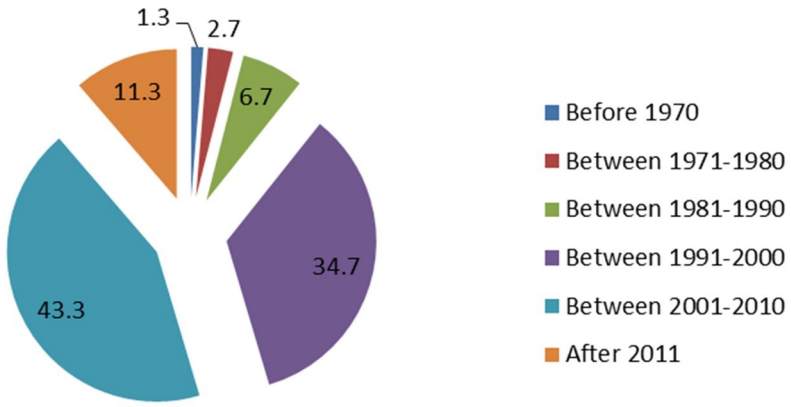
4.2.8 Business Established Year

TABLE 4.8
BUSINESS ESTABLISHED YEAR

Business established year	Frequency	Percent
Before 1970	2	1.3
Between 1971-1980	4	2.7
Between 1981-1990	10	6.7
Between 1991-2000	52	34.7
Between 2001-2010	65	43.3
After 2011	17	11.3
Total	**150**	**100.0**

CHART 4.4

BUSINESS ESTABLISHED YEAR



Only 10.7 per cent of the businesses have been established before 1990. The decade beginning 1990 was when entrepreneurship generally saw a rise and about 34.7 per cent businesses have been established in that decade. Respondents to the tune of 43.3 per cent have started their businesses after 2000. A very small percentage of the respondents to the tune of about 11.3 per cent alone have started after 2011. Almost 90 per cent of the respondents have been in the field of entrepreneurship for more than five years now. Given the age of the respondents, it also shows that businesses established before 1990 could have been typically established by respondents' earlier generation.

4.2.9 Marital Status and the Time of Starting the Organisation

TABLE 4.9
MARITAL STATUS AND THE TIME OF STARTING THE ORGANISATION

Time of starting the organisation	Frequency	Percent
Before marriage	58	38.7
After marriage	92	61.3
Total	**150**	**100.0**

Out of 150 respondents, 61.3 per cent mentioning that they have started their organisations after their marriage shows that marriage has not been a deterrent to take the risks and challenges of entrepreneurship; entrepreneurship seems to be viewed more as an opportunity and a welcome challenge rather than a threat to shy away from.

4.2.10 Family Involvement in Business

Out of 150 respondents, 65.3 per cent respondents have family involvement in business and 34.7 per cent respondents don't have any family involvement in business. This shows that almost two thirds of the respondents could be from business families and second or third generation entrepreneurs.

TABLE 4.10
FAMILY INVOLVEMENT IN BUSINESS

Family involvement in business	Frequency	Percent
Yes	98	65.3
No	52	34.7
Total	**150**	**100.0**

What is significant is that the number of respondents who have chosen to start their own organisations and strike out on their own is not a negligible number. It is a little more than one third of the total respondents. This again goes to show that 'entrepreneurship' is no longer considered the prerogative of a privileged few who already have 'business' in their families and background but is an opportunity that more and more people in Madurai are willing to try and experiment with. It also means that these would be first generation entrepreneurs whose exposure to business would not be from within their family.

This also makes the question of determinants of entrepreneurship more relevant as it is clear from Table 4.10 that one needn't be born into a family that has been doing business to take up entrepreneurship. In fact, the more

number of successful first generation entrepreneurs, the more would be the number of willing entrants to business as entrepreneurs and this could increase the percentage even further in the coming years. This in turn would definitely augur well for the socio economic growth and prosperity of the region.

4.2.11 Father's/ Guardian's Occupation

TABLE 4.11

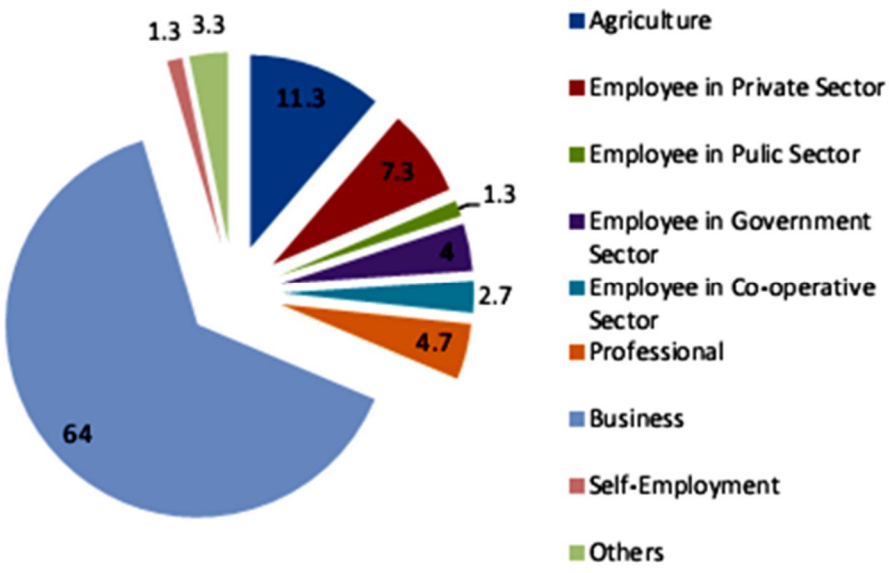
FATHER'S/GUARDIAN'S OCCUPATION

Father's / Guardian's Occupation	Frequency	Percent
Agriculture	17	11.3
Employee in Private Sector	11	7.3
Employee in Public Sector	2	1.3
Employee in Government Sector	6	4.0
Employee in Co-operative Sector	4	2.7
Professional	7	4.7
Business	96	64.0
Self-Employment	2	1.3
Others	5	3.3
Total	**150**	**100.0**

Table 4.11 shows that 64 per cent of the respondents have their father or guardian in business. This correlates extremely well with Table 4.10 which shows about 65.3 per cent of family involvement in business. It is noted that 11.3 per cent fathers/ guardians are in agriculture which means that these entrepreneurs should have taken to business based either on the backing of their land as an asset earning income or because there was not enough scope for additional people to work on the land parcels available to get enough income for the family. The fathers/ guardians of 15.3 per cent have been in

employment and the respondents have taken up the challenge of entrepreneurship rather than have the secure comfort of employment.

CHART 4.5
FATHER'S/GUARDIAN'S OCCUPATION



The fathers/ guardians of about six per cent respondents have been in professional avocations or self-employed and this is the group that may have been used to fluctuating income patterns of their fathers/ guardians. Again, while it seems that it would have been natural for two thirds of the respondents to take to business seeing their fathers/ guardians, it is a sure indication of greater acceptance of 'entrepreneurship' as an opportunity to have 36 per cent choosing to start their own businesses though they do not hail from a background that naturally gives them the wherewithal to understand how businesses operate.

Being an entrepreneur in the second or third generation brings with itself a certain set of challenges while being a first generation entrepreneur brings with it a different set of challenges. It would be worth understanding whether this background has a definitive impact on the determinants of going ahead with the pursuit of entrepreneurship and its sustainability over a period of time. Entrepreneurs who have family businesses would have some backing in terms of the risks taken and during turbulent times while the other group

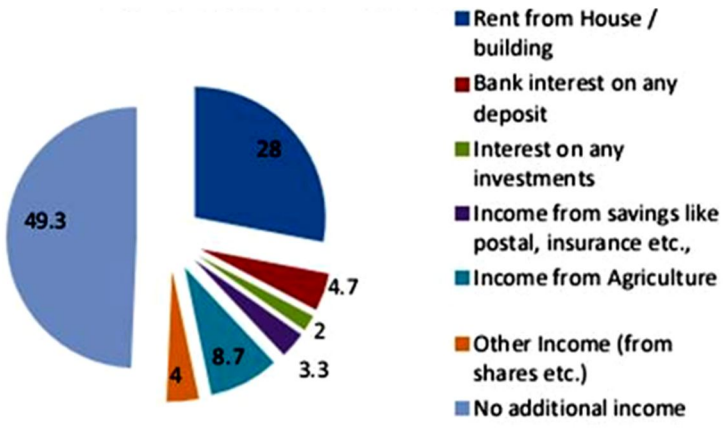
may find the going a little more difficult when there is a need to withstand fluctuations.

4.2.12 Other Sources of Income

TABLE 4.12
OTHER SOURCES OF INCOME

Other sources of income	Frequency	Percent
Rent from House / building	42	28.0
Bank interest on any deposit	7	4.7
Interest on any investments	3	2.0
Income from savings like postal, insurance etc.,	5	3.3
Income from Agriculture	13	8.7
Other Income (from shares etc.)	6	4.0
No additional income	74	49.3
Total	**150**	**100.0**

CHART 4.6
OTHER SOURCES OF INCOME



Almost 50 per cent of the respondents have earned no additional income before striking it out on their own as entrepreneurs. The biggest source of additional income seems to be rentals from landed property which accounts to a substantial 28 per cent. This indicates that for this set of people, their biggest

asset and security which enables them take the risk is their landed property. This is followed by agricultural land income at 8.7 per cent, as can be correlated with Table 4.11 where 11.3 per cent had mentioned about their agricultural background. Income from deposits, investments and savings etc. are only minimal at 4.7 per cent, two per cent and 3.3 per cent respectively.

This can lead us to safely conclude that most of the entrepreneurs' main source of income is only their business and it is also being taken up as a means of economic growth and prosperity for themselves and their families rather than merely as a hobby or as an assistance to their families. The margin of safety in case of economic downturns or times of turbulence is very limited as there is hardly any financial backup that is available to support the entrepreneurs through a crisis time.

4.2.13 Value of Additional Income

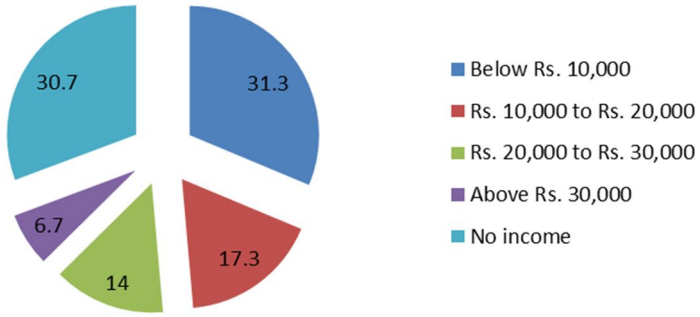
TABLE 4.13
VALUE OF ADDITIONAL INCOME

Value of additional income	Frequency	Percent
Below Rs. 10,000	47	31.3
Rs. 10,000 to Rs. 20,000	26	17.3
Rs. 20,000 to Rs. 30,000	21	14.0
Above Rs. 30,000	10	6.7
No income	46	30.7
Total	**150**	**100.0**

Even where income has been earned in addition to the business, the amounts are not significant to make a material difference to the economic well-being of the family unit of the entrepreneur. Only 20 per cent respondents have reported income more than Rs. 20,000/-; the rest have reported below that including 'nil' income. In a different perspective, this may also show that the entrepreneur's initial expectation may not be very high and he may be content

making minimal amounts. He would start looking at opportunity cost of his time if he doesn't make a break through at all and ends up with losses. If he does make a profit, he would look at his opportunity cost only after a few years when he compares himself with his peer group of persons employed or in business.

CHART 4.7
VALUE OF ADDITIONAL INCOME



4.2.14 Monthly Income Range

TABLE 4.14
MONTHLY INCOME RANGE

Range of monthly income	Frequency	Percent
Below Rs. 50,000	36	24.0
Rs. 50,000 to Rs. 1 Lakh	54	36.0
Rs. 1 Lakh to Rs. 3 Lakhs	46	30.7
Rs. 3 Lakhs to Rs. 5 Lakhs	14	9.3
Total	**150**	**100.0**

It is heartening to note that a good three fourths of the respondents to the tune of about 76 per cent make more than Rs.50,000/- per month while one fourth seem to be below that line. Again almost 40 per cent earn more than a lakh per month which is comparable to a peer group in employment at the senior management level in a Tier 2 city like Madurai. As an aspiration, each group would want to shift to the next higher level on a continuous basis for

survival, growth and prosperity. For survival of entrepreneurship, it would be important for the entrepreneurs to believe that the opportunity cost of their time is well rewarded with benefits with an incremental incentive for the additional risk taken and the challenges met.

The trade off to continue in their chosen line other than for compulsions beyond their control would take into account the economic growth and financial prosperity that is possible over time, the social factors of being accepted and perceived as a 'success'/ role model, the motivational factors of what drives them to run their own business and the self-actualisation factor that kicks in with learning and evolution over time in the chosen field of business when he improves as an individual and as an entrepreneur.

4.2.15 Knowledge about Entrepreneurial Environment

TABLE 4.15
KNOWLEDGE ABOUT ENTREPRENEURIAL ENVIRONMENT

Knowledge about entrepreneurial	Frequency	Percent
By reading books / periodicals	13	8.7
Visit to a foreign country	5	3.3
Visit to other Industries in/out side Country	24	16.0
Visit to Trade Fairs / Exhibition	42	28.0
Attending Business Seminars /Conferences	19	12.7
Association with family members	23	15.3
Association with friends doing business	16	10.7
Association with Organisations (like DIC, TIIC)	8	5.3
Total	**150**	**100.0**

It is pertinent to note that while almost two thirds of the respondents have a business background, it is only 15.3 per cent who have mentioned to have got their knowledge of the entrepreneurial environment from their family

members. It makes it very clear that even in business families, there is not enough of a discussion either formally or informally to prepare the next generation for business or to guide them about the entrepreneurship environment in a structured or unstructured format. At best, they may be guided to participate in related fairs and exhibitions or attend seminars or conferences that could be relevant or visit similar industries in the country or abroad.

This conclusion is strengthened by the fact that 28 per cent respondents have talked about knowing about entrepreneurship environment from trade fairs/ exhibitions, 16 per cent have talked about getting to know this from industries in and outside the country and about 12.7 per cent have mentioned about getting to know this from seminars/ conferences. Friends in business are also a motivation and an inspiration to get into business as 10.7 per cent have mentioned about getting to know about entrepreneurship through friends doing business. 8.7 per cent reading books/ periodicals could indicate the set of respondents who have attempted to get a structured understanding of entrepreneurship by going through relevant articles on the subject and by the sharing of successful entrepreneurs.

CHART 4.8

KNOWLEDGE ABOUT ENTREPRENEURIAL ENVIRONMENT



This also indicates that even if there are second and third generation entrepreneurs, they are constantly looking at the new developments in the environment and keeping themselves updated to check out on new opportunities and possibilities of new avenues of business. The positive indication is that the current set of MSME entrepreneurs in Madurai are not a closed lot drawing their lessons and inspiration only from within but a very open minded set – they are willing to explore, learn and grow from the inputs received from the environment. It also makes us conclude that industry visits, exhibitions, trade fairs, seminars and conferences have a major role to play in fostering entrepreneurship in the city. In today's competitive environment, the following are extremely important steps for survival and growth - openness to learn and equip oneself by attending conferences and seminars, visiting exhibitions, trade fairs and conventions and travelling to see how similar organisations in the same industry or other industries operate either in our country or abroad. Entrepreneurs in the MSME sector in Madurai seem to be well aware of this.

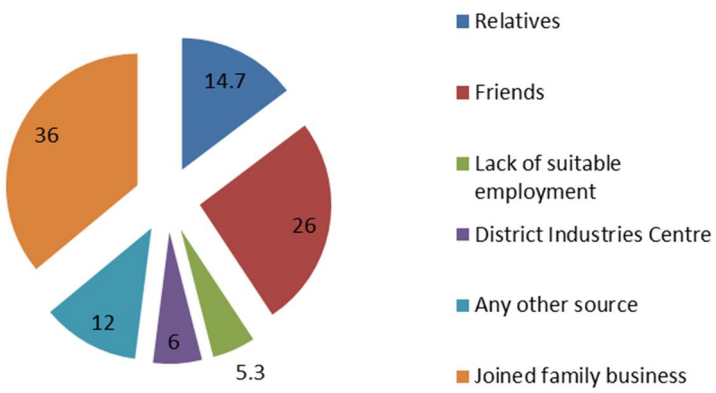
4.2.16 Source of Idea to Commence Business

TABLE 4.16
SOURCE OF IDEA TO COMMENCE BUSINESS

Source of idea to commence business	Frequency	Percent
Relatives	22	14.7
Friends	39	26.0
Lack of suitable employment	8	5.3
District Industries Centre	9	6.0
Any other source	18	12.0
Joined family business	54	36.0
Total	**150**	**100.0**

36 per cent joining family business shows that almost a little over one third of the respondents are second or third generation entrepreneurs. The remaining 64 per cent would be typically first generation entrepreneurs as entrepreneurs themselves or first generation in a new line of business, though hailing from a business background. Only 14.7 per cent have been motivated to commence business by the family and a good one fourth of the respondents have been motivated by friends.

CHART 4.9
SOURCE OF IDEA TO COMMENCE BUSINESS



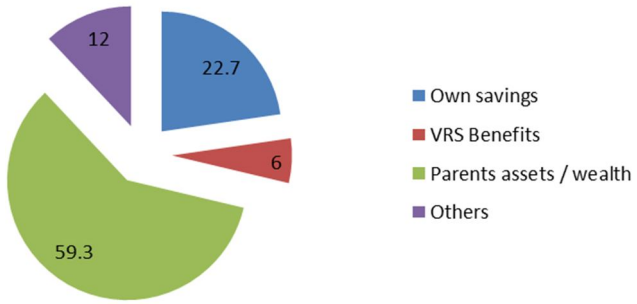
Peer group support and motivation seem to work very well in entrepreneurship and building an environment of acceptance of entrepreneurship and promoting that spirit could go a long way in sustaining the concept over time. Lack of suitable employment has hardly been a drive to take up entrepreneurship which effectively means that striking it out on their own has not been done as a last resort for lack of option but has been taken up willingly after considerable thought and deliberation by all those who have not joined their family business. The decision has been by choice rather than by force.

4.2.17 Seed Capital for Business (Own Funds)

TABLE 4.17
SEED CAPITAL FOR BUSINESS (OWN FUNDS)

Initial (seed) capital for business (Own funds)	Frequency	Percent
Own savings	34	22.7
VRS Benefits	9	6.0
Parents assets / wealth	89	59.3
Others	18	12.0
Total	**150**	**100.0**

CHART 4.10
SEED CAPITAL FOR BUSINESS (OWN FUNDS)



60 per cent of the respondents have taken seed capital from their parents' assets or wealth while 22.7 per cent have had their own savings. Risking parents' VRS benefits is quite a small percentage at six per cent while all others account for 12 per cent. Parents' willingness to support their wards' entrepreneurship efforts shows that there is belief that entrepreneurship could be a route for economic prosperity and growth. Equally, 22.7 per cent of respondents using their own savings shows their motivation to succeed and their confidence to handle their project and the challenges that go with it.

The motivational factors that would have made the entrepreneurs risk their own savings would be a good determinant of the sustainability of their spirit of entrepreneurship in such cases. However, it is not clear whether these decisions were taken based on an overall and general understanding of the

business opportunity or a studied evaluation of the various pros and cons associated with the said opportunity and derisking it in a structured fashion. Given that most of the exposure to entrepreneurship for the respondents has been only through trade fairs, exhibitions, seminars and visits to industries, it is most likely to be the former rather than the latter. If so, it becomes crucial to add a structured dimension in evaluating business opportunities as one goes forward to derisk it suitably and make it sustainable.

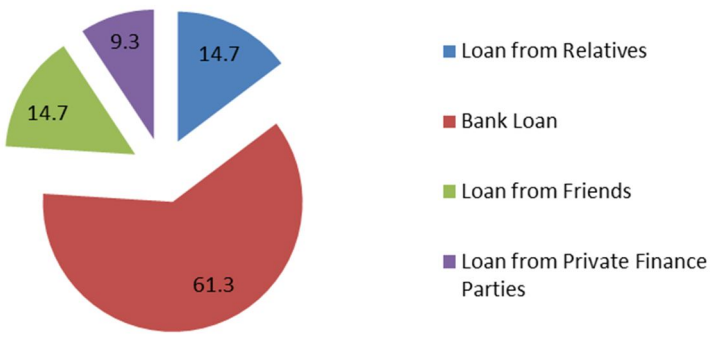
4.2.18 Seed Capital for Business (Loan Funds)

TABLE 4.18
SEED CAPITAL FOR BUSINESS (LOAN FUNDS)

Initial (seed) Capital for Business (Loan funds)	Frequency	Percent
Loan from Relatives	22	14.7
Bank Loan	92	61.3
Loan from Friends	22	14.7
Loan from Private Finance Parties	14	9.3
Total	**150**	**100.0**

Banks appear to be the lender of first resort with about 61.3 per cent of the respondents taking their seed capital from banks. Taking loans from friends and relatives is the next acceptable form of funding accounting together to about 29.4 per cent. Fortunately, loans from private finance parties which could be at high interest rates are the least preferred option at about nine per cent.

CHART 4.11
SEED CAPITAL FOR BUSINESS (LOAN FUNDS)



Ideally, in an environment that supports entrepreneurship, even this needs to be done away with as high interest rates in the initial stages could make the entrepreneur fall in a debt trap till he establishes himself. If an entrepreneur understands the concept of leveraging, it would enable him to mix the right quantity of own capital with loan capital and the banks would also be more supportive of the right mix for leveraging.

When there are first generation entrepreneurs who have gained their insight of business from trade fairs, seminars etc., they may not have a guided way of looking at financing the business, unless they have the right support and mentoring from within the family or in their trusted circles. If this is done well, the project would be well begun. Where the bank is involved, there is at least a safety net that the Banker would have checked and asked the right questions before disbursing the loan and to that extent derisking may have happened on the project and critical points of concern would have been raised and discussed before disbursal of loan. So also, there would be a check on how the moneys get spent which will be a good control point. It is safe to have the bank loan as the banker in some sense would act as the conscience keeper for the business by exercising control and restraint appropriately.

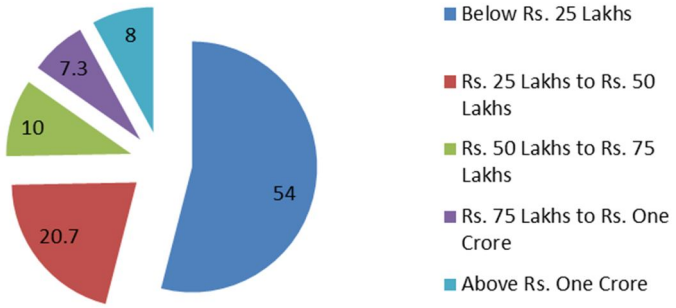
Where loans have been taken from relatives and friends, it becomes important to have a system of reporting to check whether the business is on track to repay the liabilities taken up. It would be important to treat any lender, be it a relative or a friend, as a banker who needs to be kept informed of the performance of the business.

4.2.19 Own Capital Invested

TABLE 4.19
OWN CAPITAL INVESTED

Own Capital range invested for business	Frequency	Percent
Below Rs. 25 Lakhs	81	54.0
Rs. 25 Lakhs to Rs. 50 Lakhs	31	20.7
Rs. 50 Lakhs to Rs. 75 Lakhs	15	10.0
Rs. 75 Lakhs to Rs. One Crore	11	7.3
Above Rs. One Crore	12	8.0
Total	**150**	**100.0**

CHART 4.12
OWN CAPITAL INVESTED



More than half of the respondents, precisely 54 per cent have an own capital range lower than 25 lakhs invested in the business. It is only 8 per cent who have more than one crore of own capital invested in the business. The remaining 38 per cent have an investment in the range from 25 lakhs to 1 crores.

Going by the classification of MSME sector in terms of investment in plant and machinery and Table 4.19, it would be fair to conclude that 54 per cent of the respondents would belong to the micro scale sector and at best less than eight per cent would belong to the medium scale sector while between 38 per cent to 46 per cent would belong to the small scale sector.

4.2.20 Contribution to Fixed Capital

TABLE 4.20
CONTRIBUTION TO FIXED CAPITAL

Contribution to Fixed Capital	Frequency	Percent
Below 10 per cent of the own capital	18	12.0
10 per cent to 20 per cent of the own capital	51	34.0
20 per cent to 30 per cent of the own capital	43	28.7
30 per cent to 40 per cent of the own capital	38	25.3
Total	**150**	**100.0**

About 54 per cent of the respondents have invested more than 20 per cent of their own capital towards fixed assets, while 46 per cent have invested less than 20 per cent. While in service industry and trading industry, the demand of fixed assets or investment towards fixed nature will be limited, it would generally be substantial in a manufacturing industry. Fixed assets could also have been bought through borrowed money by leveraging own capital. The margin of safety becomes an important consideration in these cases as the loans will have to be serviced well. Equally, when a substantial amount of own capital has been deployed on non-fixed nature, it could indicate a high involvement of working capital. Hence, watching the working capital cycle and how money rotates in the business is crucial for the survival of the business.

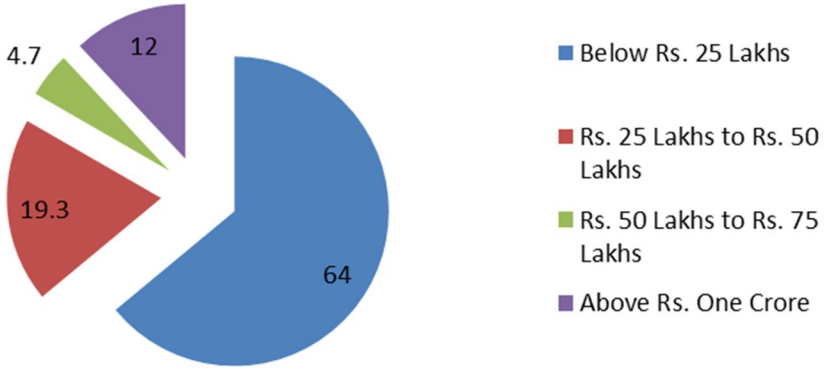
4.2.21 Borrowings from Banks

TABLE 4.21
BORROWINGS FROM BANKS

Amounts borrowed from banks for business	Frequency	Percent
Below Rs. 25 Lakhs	96	64.0
Rs. 25 Lakhs to Rs. 50 Lakhs	29	19.3
Rs. 50 Lakhs to Rs. 75 Lakhs	7	4.7
Above Rs. One Crore	18	12.0
Total	**150**	**100.0**

Table 4.21 shows that 12 per cent have borrowed more than a crore which is a substantial amount of borrowing at the small scale level. 64 per cent talk of less than 25 lakhs (some could even be nil) while a good 19.3 per cent have bank borrowings between 25 lakhs and 50 lakhs.

CHART 4.13
BORROWINGS FROM BANKS



This shows that entrepreneurs are able to avail loan from banks and the amounts of loan taken are reasonable at their scale of operation and entrepreneurs are in the habit of leveraging their capital. Bankers would have done some diligence before lending and this feedback could be helpful to the entrepreneurs to improve efficiency. Bankers would be following up the performance of the business and this would enable entrepreneurs be accountable and hence balance caution and risk. The importance of operational leverage and financial leverage would be crucial to ensure that the debts are serviced and the principal repaid over time.

4.2.22 Borrowings from other financial institutions

TABLE 4.22
BORROWINGS FROM OTHER FINANCIAL INSTITUTIONS

Amounts borrowed for the business (From other financial institutions)	Frequency	Percent
Below Rs. 25 Lakhs	140	93.3
Rs. 50 Lakhs to Rs. 75 Lakhs	5	3.3
Above Rs. One Crore	5	3.3
Total	**150**	**100.0**

Only 6.6 per cent have borrowed from financial institutions and the others have reported borrowings less than 25 lakhs, which in most cases would be only Nil. This shows that the Banks act as the lender of first resort as far as the MSME sector in Madurai is concerned. Also, many of the businesses may not qualify for the criteria that the financial institutions may have set particularly in terms of the ticket size. Another observation is that since at least six per cent have borrowed more than 50 lakhs, the know-how of the process and the wherewithal to handle the procedures is known in the MSME circles.

4.2.23 Borrowings from private finance/ friends/ relatives

TABLE 4.23
BORROWINGS FROM PRIVATE FINANCE/ FRIENDS/ RELATIVES

Amounts Borrowed for the Business (From Private finance/ Friends/ Relatives)	Frequency	Percent
Below Rs. 25 Lakhs	53	35.3
Rs. 25 Lakhs to Rs. 50 Lakhs	92	61.3
Above Rs. One Crore	5	3.3
Total	**150**	**100.0**

A good 61.3 per cent have borrowed from friends/ relatives to the tune of 25 lakhs to 50 lakhs. 3.3 per cent have borrowed even beyond a crore. Only 35.3 per cent have reported a number less than 25 lakhs. This indicates that the dependence on money from the circle of friends and relatives is very high.

This also shows that where security is not available even minimally to be given to the banker, the next preference would be friends and relatives. Where the terms of the bankers on repayment time and tenor of the loan doesn't work out, borrowings from close circle may be resorted to. Where the project idea is new and the banker is hesitant to fund it, borrowings from close circle may help out. Where the second or third generation entrepreneurs start

off to diversify, the family may lend and support the business in its initial stages.

The flip side of this borrowing is that the rigor that a bank loan brings to the system may be missing and the governance may not be insisted upon. Where the entrepreneur is not fully conversant with the financials of the business, he may not be pushed to learn the basics of how the numbers operate in his business. Where a market rate for the funds is not charged, the cost of the product/ service offering may be misleading and where more than a market rate is charged, it could affect the profitability substantially. A clear distinction between own capital and borrowed capital may become blurred over time if a system of reporting is not established.

4.2.24 Skilled labour

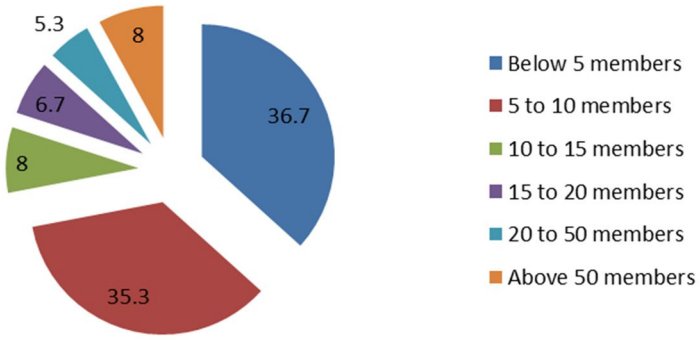
TABLE 4.24
SKILLED LABOUR

Skilled Labour	Frequency	Percent
Below 5 members	55	36.7
5 to 10 members	53	35.3
10 to 15 members	12	8.0
15 to 20 members	10	6.7
20 to 50 members	8	5.3
Above 50 members	12	8.0
Total	**150**	**100.0**

Table 4.24 shows that 72 per cent of the entrepreneurs employ less than 10 skilled labour. This indicates that these respondents are not heavily dependent on skilled labour. This could be to do with the type of business they are in and also a conscious attempt not to depend too much on skills that may not be available or replaceable in the market. Another possibility is the lack of

understanding of developing a second line with skill and the entrepreneur being hesitant to do so if the operations involve any confidential process. A third possibility is the affordability factor: the ability to afford skilled labour at the prevailing market rates could be a challenge. A fourth point could be to do with retention: even if skilled labour is recruited, their expectation of career growth may not be met in a small scale industry.

CHART 4.14
SKILLED LABOUR



It is interesting to note that about 5.3 per cent have more than 20 skilled labour and eight per cent of the respondents employ even more than 50 skilled labour. This shows that there are entrepreneurs who are willing to take in skilled labour, pay them the market wages, attempt to train and retain them and give them a career opportunity where the business demands it and the economics of the project allow the same.

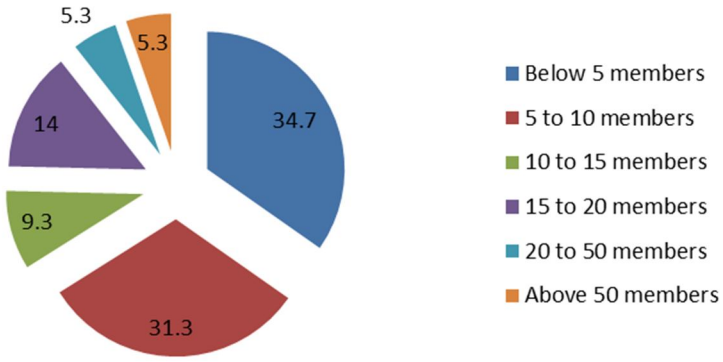
4.2.25 Semi-skilled labour

TABLE 4.25
SEMI-SKILLED LABOUR

Semi-skilled Labour	Frequency	Percent
Below 5 members	52	34.7
5 to 10 members	47	31.3
10 to 15 members	14	9.3
15 to 20 members	21	14.0
20 to 50 members	8	5.3
Above 50 members	8	5.3
Total	**150**	**100.0**

Again 66 per cent of the respondents have less than 10 semi-skilled labour. All the points mentioned for skilled labour would be relevant in the case of semi-skilled labour also with an additional point on extension of social security measures that a small scale business is able to provide in terms of contribution to Provident Fund, Employees State Insurance Corporation and the Pension Fund.

CHART 4.15
SEMI-SKILLED LABOUR



Where the skilled labour or semi-skilled labour has an opportunity to join a larger set up with social security benefits, those organisations could come across as part of an organised sector. Mostly, because of the smaller size, the MSME sector would be perceived as unorganised only.

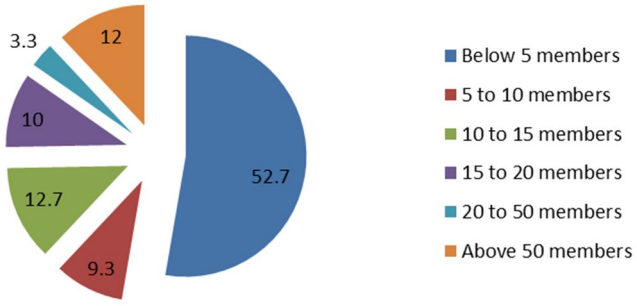
4.2.26 Unskilled labour

TABLE 4.26
UNSKILLED LABOUR

Unskilled Labour	Frequency	Percent
Below 5 members	79	52.7
5 to 10 members	14	9.3
10 to 15 members	19	12.7
15 to 20 members	15	10.0
20 to 50 members	5	3.3
Above 50 members	18	12.0
Total	**150**	**100.0**

While 62 per cent of the respondents have less than 10 unskilled labour, about 12 per cent have more than 50 numbers; the remaining 26 per cent range between 10 and 50 unskilled labour. This shows that most of the respondents do not depend on labour substantially and the need is quite limited.

CHART 4.16
UNSKILLED LABOUR



Given the fact that most of the respondents are in the micro sector in terms of capital investment and the level of employment is also limited, if their business idea is viable, the chances of growth could be potentially very high.

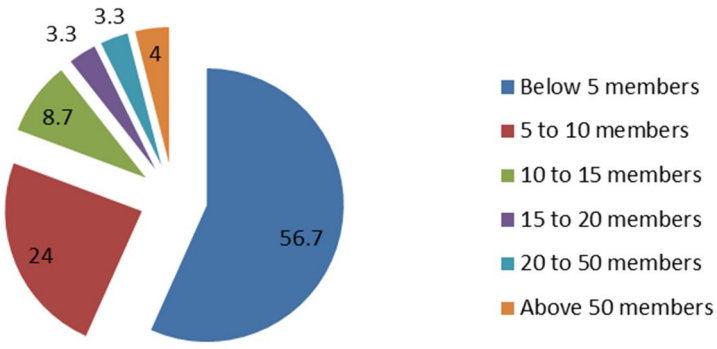
4.2.27 Managerial staff

TABLE 4.27
MANAGERIAL STAFF

Managerial Staff	Frequency	Percent
Below 5 members	85	56.7
5 to 10 members	36	24.0
10 to 15 members	13	8.7
15 to 20 members	5	3.3
20 to 50 members	5	3.3
Above 50 members	6	4.0
Total	**150**	**100.0**

A very clear 81 per cent have less than ten managerial staff while it is significant that four per cent have more than 50 managerial staff. The remaining 15 per cent have managerial staff between 10 to 50 members.

CHART 4.17
MANAGERIAL STAFF



While recruitment, retention and compensation for managerial staff is a definite challenge for the entrepreneurs in the MSME sector, lack of managerial support can lead to quite a few difficulties. Entrepreneur's time could be completely taken by routine operations and in the day to day conduct of the business. There would be lack of time to focus on strategic growth and development – for him and for the business. They could be caught in the day to day running of operations without having the time and ability to look at the bigger picture or the future.

Entrepreneurs would have a forced need to handle areas where they lack expertise; hence leading to sub optimal decision making affecting the business over time. There would be an inability to handle expansion and an increased pressure on mind space leading to inefficiency in decision making and implementation. There would be an increasing gap between aspirational goals and actual achievement. When there is need for firefighting, there could be a loss of focus on the routine and hence a setback in the operations.

4.2.28 Typical demographic profile of an MSME entrepreneur in Madurai district

Based on the demographic profile of the entrepreneur, an attempt is made to understand the typical respondent – that is, what the demographic profile of a representative MSME entrepreneur in Madurai would be.

TABLE 4.28
TYPICAL DEMOGRAPHIC PROFILE OF AN MSME ENTREPRENEUR IN MADURAI DISTRICT

No.	Demographic detail	Typical respondent
1	Gender	Male
2	Qualification	Prof degree/ degree
3	Age	36 to 45 years
4	Marital status	Married
5	Family type	Joint family
6	Nature of business	Manufacturing or Trading
7	Industry focus	Small scale product
8	Business established year	Around 2000 or 2001
9	Organisation before/ after marriage	Business started after marriage
10	Family involvement in business	Family would be involved
11	Father's/ guardian's occupation	Business
12	Other sources of income	No other source of income
13	Value of additional income	Below Rs.10,000/- p.m
14	Range of monthly income	Rs.50,000/- to Rs.1,00,000/- p.m
15	Knowledge about entrepreneurial environment	Mainly from trade fairs and exhibitions
16	Idea to commence business	From friends, for those who have not joined family business
17	Initial seed capital for business - own	Parent's assets
18	Initial seed capital for business - loan	Bank loan
19	Own capital range	Below 25 lakhs
20	Capital towards fixed nature	10 per cent to 20 per cent of own capital
21	Amounts borrowed from banks	Below 25 lakhs
22	Amounts borrowed from financial institutions	Below 25 lakhs
23	Amounts borrowed from others	Rs. 25 lakhs to Rs. 50 lakhs
24	Number of skilled labour	Less than ten
25	Number of semi-skilled labour	Less than ten
26	Number of unskilled labour	Less than five
27	Number of managerial staff	Less than five

One aspect that stands out in Table 4.28 is that while the family would have been involved in business for a representative respondent, the inputs on entrepreneurship environment is gathered from trade fairs and exhibitions, attending seminars and visit to industries. Also, even if the father or guardian is involved in business, the peer group influence is very high in influencing the commencement of business. This leads to some powerful insights.

There is no structured or unstructured learning from within the families for entrepreneurs from business families and their learning happens from their ability to absorb from the opportunities in the external environment. Entrepreneurs are open to learn from opportunities that are made available to them through fairs, exhibitions, seminars, industry visits, conventions and the like.

Peer group influence is high in the MSME entrepreneurship arena and hence peer group learning can prove effective as a corollary. Even where entrepreneurs are from business families, they may be starting a new line of business, the demands of which both in terms of knowledge and parameters of implementation could be different from what the normal family business is exposed to.

4.3 ANALYSIS OF THE IMPACT OF DEMOGRAPHIC PROFILE ON THE DETERMINANTS OF ENTREPRENEURSHIP

Having understood the demographic profile of the MSME entrepreneur in Madurai and also having understood what the demographic profile of a typical MSME entrepreneur in Madurai would be, the next step is to analyse whether this demographic profile has an impact on the determinants of entrepreneurship. Entrepreneurship is not merely a subject that can be learnt in a class room nor can one wait to learn all aspects through experience. There is a combination of knowledge that has to be applied, skills that have to be practised, a personal attitude within and an attitude towards the business so

also the support and guidance received in the journey of entrepreneurship all of which impact the journey of an entrepreneur over time.

The demands of the business vary in terms of location, market, process, product, labour need, technology adaptability, the changing environment and the like. An attempt has been made to see whether the demographic differences have an impact on the determinants of entrepreneurship, that is, whether the various demographic differences do make a difference to the factors that support and determine the entrepreneurship journey of an MSME entrepreneur and the business survival. The impact of demographic profile differences on determinants of entrepreneurship have been checked out with the null hypothesis stating "H_0: There is no significant relationship between demographic profile of the entrepreneurs and determinants of entrepreneurship"

TABLE 4.29
IMPACT OF AGE PROFILE ON DETERMINANTS OF ENTREPRENEURSHIP

H_{01}: There is no significant relationship between age profile and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	0.962	0.412	Accepted
Social factor	5.904	0.001**	Rejected
Motivational factor	4.732	0.004**	Rejected
Applied Knowledge	3.475	0.018*	Rejected
Business Management Skills	6.829	0.000**	Rejected
Entrepreneurial Approach	6.124	0.001**	Rejected
Entrepreneurial Personal Attitude	5.306	0.002**	Rejected
Entrepreneurial business related Attitude	5.567	0.001**	Rejected
Support, Guidance for entrepreneurial journey	2.262	0.084	Accepted

*Significant at 5 per cent level.
**Significant at 1 per cent level.

Since p value is less than 0.05 for certain entrepreneurial determinants, null hypothesis is rejected in those cases and it can be concluded that there is a

significant impact of age variations on these determinants of entrepreneurship - social factors, motivational factors, applied knowledge, business management skills, entrepreneurial approach, entrepreneurial personal attitude and entrepreneurial business related attitude. This can be interpreted to mean that the aspects related to social acceptance and intrinsic motivation do change for the entrepreneurs with age. Equally their knowledge, skills and attitude towards entrepreneurship vary over time when they gain experience and exposure and learn from them. Interestingly the accessibility factor does not seem to be impacted by age. This is maybe due to the fact that the accessibility factor is more to do with the business rather than the individual. Hence so long as the person is in the same business, this determinant may not vary much, unless there is a material change in the business constructs. Again, support and guidance is not significantly impacted by age variations. This may be interpreted to mean that either the entrepreneurs have support throughout or lack the support as they require but do not develop it suddenly or lose it dramatically over time.

TABLE 4.30
IMPACT OF GENDER PROFILE ON DETERMINANTS OF ENTREPRENEURSHIP

H_{02}: There is no significant relationship between gender profile and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	0.723	0.396	Accepted
Social factor	0.031	0.861	Accepted
Motivational factor	4.062	0.046*	Rejected
Applied Knowledge	6.209	0.014*	Rejected
Business Management Skills	4.236	0.041*	Rejected
Entrepreneurial Approach	5.764	0.018*	Rejected
Entrepreneurial Personal Attitude	5.521	0.020*	Rejected
Entrepreneurial business related Attitude	2.001	0.159	Accepted
Support, Guidance for entrepreneurial journey	0.429	0.513	Accepted

*Significant at 5 per cent level.

Since p value is less than 0.05 for certain entrepreneurial determinants, null hypothesis is rejected in those cases and it can be concluded that there is a significant impact of variations in gender on these determinants of entrepreneurship – motivational factors, applied knowledge, business management skills, entrepreneurial approach and entrepreneurial personal attitude. It is interesting to note that gender variations don't have too much of an impact on the accessibility factors (which may in turn be dependent more on the business than the entrepreneur) and on social factors. Support and guidance for the entrepreneurship journey does not also seem to be dependent on gender which means that the women who are entrepreneurs are as much supported or lack support just like their male counterparts in entrepreneurship. However, this entire analysis must be treated with caution as only two per cent of the respondents are women and hence may not sufficiently justify the conclusions drawn in the larger picture.

TABLE 4.31
IMPACT OF EDUCATIONAL QUALIFICATION ON DETERMINANTS OF ENTREPRENEURSHIP

H_{03}: There is no significant relationship between educational qualification and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	3.851	0.011*	Rejected
Social factor	5.379	0.002**	Rejected
Motivational factor	2.393	0.071	Accepted
Applied Knowledge	11.164	0.000**	Rejected
Business Management Skills	10.647	0.000**	Rejected
Entrepreneurial Approach	6.338	0.000**	Rejected
Entrepreneurial Personal Attitude	15.784	0.000**	Rejected
Entrepreneurial business related Attitude	22.795	0.000**	Rejected
Support, Guidance for entrepreneurial journey	5.977	0.001**	Rejected

*Significant at 5 per cent level.
**Significant at 1 per cent level.

Since p value is less than 0.05 for certain entrepreneurial determinants, null hypothesis is rejected in those cases and it can be concluded that there is a significant impact of variations in educational qualification on these determinants of entrepreneurship - accessibility, social factors, applied knowledge, business management skills, entrepreneurial approach, entrepreneurial personal attitude, entrepreneurial business related attitude and support & guidance for entrepreneurial journey.

This leads one to believe that educational qualification proves to be a significant determinant of entrepreneurship. This can be due to many factors including confidence that a qualification instils in the entrepreneur, the kind of network that he is able to develop, the exposure he gains during the time of qualification and thereafter, the ability to explore and be up to date in all aspects relating to business, the adequacy with which he can deal with consultants or employees in areas where he himself is not a subject expert and the structured thinking process that he may have developed.

However, it is not surprising to note that there is no impact on the motivational factors based on the educational qualification. This reinforces the belief that an entrepreneur is primarily driven by intrinsic factors to be on his own and create and drive a business; educational qualification may supplement his confidence but does not by itself determine whether he has to be an entrepreneur or not. In the normal course of observation, it is noted that entrepreneurs without formal qualification are also able to build businesses well but would more often than not confess that what they didn’t have as qualification had to be compensated by more of hard work and additional diligence.

TABLE 4.32
IMPACT OF MARITAL STATUS ON DETERMINANTS OF ENTREPRENEURSHIP

H_{04}: There is no significant relationship between marital status and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	0.840	0.361	Accepted
Social factor	35.951	0.000**	Rejected
Motivational factor	2.226	0.138	Accepted
Applied Knowledge	0.582	0.447	Accepted
Business Management Skills	0.859	0.356	Accepted
Entrepreneurial Approach	5.771	0.018*	Rejected
Entrepreneurial Personal Attitude	0.061	0.805	Accepted
Entrepreneurial business related Attitude	0.240	0.625	Accepted
Support, Guidance for entrepreneurial journey	1.950	0.165	Accepted

*Significant at 5 per cent level.

**Significant at 1 per cent level.

Since p value is less than 0.05 only for two entrepreneurial determinants, null hypothesis is rejected in those cases and it can be concluded that there is a significant impact of marital status on these two determinants of entrepreneurship only – social factors and entrepreneurial approach. Entrepreneurial approach involves innovation, information seeking, risk taking and networking strengths and marital status does seem to have an impact on these factors as also the social acceptance.

However, marital status does not impact accessibility factors, motivational factors, applied knowledge, business management skills, personal attitude, business related attitude and the support and guidance that comes in during the entrepreneurship journey. Hence, it can be safely concluded that

null hypothesis is broadly accepted to conclude that there is no significant impact of marital status on the determinants of entrepreneurship.

TABLE 4.33
IMPACT OF FAMILY TYPE ON DETERMINANTS OF ENTREPRENEURSHIP

H_{05}: There is no significant relationship between family type and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	2.823	0.063	Accepted
Social factor	3.532	0.032*	Rejected
Motivational factor	2.438	0.091	Accepted
Applied Knowledge	3.142	0.046*	Rejected
Business Management Skills	7.874	0.001**	Rejected
Entrepreneurial Approach	8.216	0.000**	Rejected
Entrepreneurial Personal Attitude	11.640	0.000**	Rejected
Entrepreneurial business related Attitude	17.431	0.000**	Rejected
Support, Guidance for entrepreneurial journey	0.819	0.443	Accepted

*Significant at 5 per cent level.
**Significant at 1 per cent level.

Since p value is less than 0.05 for certain entrepreneurial determinants, null hypothesis is rejected in those cases and it can be concluded that there is a significant impact of variations in family type on these determinants of entrepreneurship – social factors, applied knowledge, business management skills, entrepreneurial approach, entrepreneurial personal attitude and entrepreneurial business related attitude. However, the type of family does not seem to have a significant impact on accessibility factors (which is again more to do with the business itself), motivational factors (which could be an intrinsic drive within the entrepreneur) and the support and guidance obtained for the entrepreneurial journey.

It is worth noting that whether the entrepreneur is single, in a nuclear family or in a joint family, the level of support or guidance received is the same. Just by being in a joint family doesn't seem to guarantee additional support for the entrepreneur.

TABLE 4.34
IMPACT OF NATURE OF BUSINESS ON DETERMINANTS OF ENTREPRENEURSHIP

H_{06}: There is no significant relationship between nature of business and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	3.812	0.024*	Rejected
Social factor	2.476	0.088	Accepted
Motivational factor	4.473	0.013*	Rejected
Applied Knowledge	0.133	0.876	Accepted
Business Management Skills	2.787	0.065	Accepted
Entrepreneurial Approach	2.874	0.060	Accepted
Entrepreneurial Personal Attitude	0.475	0.623	Accepted
Entrepreneurial business related Attitude	0.500	0.607	Accepted
Support, Guidance for entrepreneurial journey	1.598	0.206	Accepted

*Significant at 5 per cent level.
**Significant at 1 per cent level.

Since p value is less than 0.05 for two entrepreneurial determinants, null hypothesis is rejected in those two cases and it can be concluded that there is a significant impact of variations in nature of business on these two determinants of entrepreneurship -accessibility and motivational factors. This corroborates very well with all the conclusions drawn so far where age, gender, marital status or family size did not have any significant impact on accessibility factors. However, the nature of business does have a significant impact on 'accessibility factors' as depending on the type of business – manufacturing, trading or service – the accessibility to various factors of production including

men, machinery, money and markets – can have a significant impact on the way the entrepreneur runs his business.

Equally, it is worth noting that the nature of business has an impact on the motivational factors, which was generally not impacted so much by qualification, marital status or family size. This may lead us to interpret that the challenges that are faced by entrepreneurs in different types of business are significantly different and does make a significant difference to their motivational levels. However, irrespective of the type of business the impact on the various factors of applied knowledge, management skills, entrepreneurial approach, personal attitude, business related attitude and support for entrepreneurship journey is not significant. From that dimension, we may draw an inference that the need to have knowledge, hone skills or adopt the right approach with an appropriate attitude is very much the same across all types of businesses.

TABLE 4.35
IMPACT OF INDUSTRY FOCUS ON DETERMINANTS OF ENTREPRENEURSHIP

H_{07}: There is no significant relationship between industry focus and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	4.045	0.020*	Rejected
Social factor	16.179	0.000**	Rejected
Motivational factor	10.536	0.000**	Rejected
Applied Knowledge	2.972	0.054	Accepted
Business Management Skills	4.584	0.012**	Rejected
Entrepreneurial Approach	1.756	0.176	Accepted
Entrepreneurial Personal Attitude	4.255	0.016*	Rejected
Entrepreneurial business related Attitude	9.754	0.000**	Rejected
Support, Guidance for entrepreneurial journey	3.835	0.024*	Rejected

*Significant at 5 per cent level.
**Significant at 1 per cent level.

Since p value is less than 0.05 for certain entrepreneurial determinants, null hypothesis is rejected in those cases and it can be concluded that there is a significant impact of variations in industry focus on these determinants of entrepreneurship - accessibility, social factors, motivational factors, business management skills, entrepreneurial personal attitude, entrepreneurial business related attitude and support & guidance for entrepreneurial journey.

However applied knowledge and entrepreneurial approach don't seem to be significantly impacted by variations in the industry focus**.** Industrial goods, consumer goods and other goods have different business cycles and their demands are quite different; therefore, they seem to have a significant impact on the various determinants of entrepreneurship.

TABLE 4.36
IMPACT OF YEAR OF BUSINESS ESTABLISHMENT ON DETERMINANTS OF ENTREPRENEURSHIP

H_{08}: There is no significant relationship between the year of establishment of business and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	14.639	0.000**	Rejected
Social factor	2.807	0.019*	Rejected
Motivational factor	1.661	0.148	Accepted
Applied Knowledge	3.423	0.006**	Rejected
Business Management Skills	4.638	0.001**	Rejected
Entrepreneurial Approach	2.805	0.019*	Rejected
Entrepreneurial Personal Attitude	3.811	0.003**	Rejected
Entrepreneurial business related Attitude	3.774	0.003**	Rejected
Support, Guidance for entrepreneurial journey	3.933	0.002**	Rejected

*Significant at 5 per cent level.
**Significant at 1 per cent level.

Since p value is less than 0.05 for certain entrepreneurial determinants, null hypothesis is rejected in those cases and it can be concluded that there is a significant impact of variations in business establishment year on almost all determinants of entrepreneurship – accessibility factors, social factors, applied knowledge, business management skills, entrepreneurial approach, entrepreneurial personal attitude, entrepreneurial business related attitude and support and guidance for entrepreneurial journey.

This may mean that over time, businesses established earlier could have worked out and handled their accessibility challenges better. The social acceptance of an entrepreneur changes over time depending on the perceived success of the business and the image built over time; this may also be to do with the social standing of the individual and the business. The entrepreneurial knowledge and skills related to the business improve over time giving an entrepreneur the opportunity to naturally grow and mature in the process.

This may also mean that the entrepreneurial approach and the attitude – both personal and business related – are shaped by experiences of the business itself over time. Hence such wisdom does have an impact on entrepreneurship when learnt from and applied in practical business situations. A well-established business that has stood the test of time may provide the concerned entrepreneur with greater support and guidance to proceed in his entrepreneurship journey.

The only factor that is not significantly impacted is the set of motivational factors. This corroborates well with all the findings so far as this has come out repeatedly as an intrinsic factor driven by an inner urge rather than by external circumstances, hence not significantly impacted because of the longitude of the organisation. This also shows that whether an entrepreneur joins an existing organisation in a particular role or creates his own organisation, his motivational factors are his own and comes from within.

TABLE 4.37
IMPACT OF THE TIME IN WHICH THE ORGANISATION WAS STARTED (BEFORE OR AFTER MARRIAGE) ON DETERMINANTS OF ENTREPRENEURSHIP

H_{09}: There is no significant relationship between the time in which the organisation was started (before or after marriage) and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	0.118	0.732	Accepted
Social factor	2.611	0.108	Accepted
Motivational factor	0.124	0.725	Accepted
Applied Knowledge	3.238	0.074	Accepted
Business Management Skills	3.913	0.050*	Rejected
Entrepreneurial Approach	5.254	0.023*	Rejected
Entrepreneurial Personal Attitude	1.106	0.295	Accepted
Entrepreneurial business related Attitude	0.539	0.464	Accepted
Support, Guidance for entrepreneurial journey	1.321	0.252	Accepted

*Significant at 5 per cent level.
**Significant at 1 per cent level.

Since p value is less than 0.05 for only two entrepreneurial determinants and more than 0.05 for the rest, the null hypothesis is broadly accepted in all other cases and it can be concluded that there is no significant impact on whether the business has been started before or after marriage on the determinants of entrepreneurship – the accessibility factors, social factors, motivational factors, applied knowledge, personal and business related attitudes and support for the journey are not significantly impacted by whether the business was started before or after marriage. This corroborates well with Table 4.32 where we had concluded that the marital status by itself does not have a significant impact on the various determinants of entrepreneurship.

TABLE 4.38
IMPACT OF FAMILY INVOLVEMENT IN BUSINESS ON DETERMINANTS OF ENTREPRENEURSHIP

H_{10}: There is no significant relationship between family involvement in business and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	15.321	0.000**	Rejected
Social factor	0.156	0.693	Accepted
Motivational factor	7.666	0.006**	Rejected
Applied Knowledge	0.073	0.788	Accepted
Business Management Skills	0.940	0.334	Accepted
Entrepreneurial Approach	0.140	0.709	Accepted
Entrepreneurial Personal Attitude	1.053	0.307	Accepted
Entrepreneurial business related Attitude	2.243	0.136	Accepted
Support, Guidance for entrepreneurial journey	0.158	0.692	Accepted

**Significant at 1 per cent level.

Since p value is less than 0.05 only for two entrepreneurial determinants, null hypothesis is rejected in those two cases and it can be concluded that there is a significant impact of family involvement on these two determinants of entrepreneurship - accessibility and motivational factors. This corroborates well with Table 4.34 relating to the nature of the business where only these two determinants were significantly impacted by that factor whereas, none of the other factors were so impacted.

This can lead to a few inferences on these two factors specifically. Where there is family involvement in business, the challenges related to the accessibility factors may have already been taken care of and hence may not be as much of a challenge as it is for an entrepreneur who is starting his business on his own or in a new area without the involvement of the family.

Also, while an entrepreneur without family involvement goes by his own inner urge and intrinsic factors of motivation, where there is family involvement, there could be a challenge for an entrepreneur to balance the demands of the family or the requirements of the others involved in the business from the family vis a vis his own motivational needs; hence the motivational factors may be significantly impacted by pressures that are brought to bear on him by the family members involved in the business.

However, family involvement does not have a significant impact on any of the other factors and hence the null hypothesis is broadly accepted and it may be concluded that there is no significant impact on family involvement in business with respect to the other entrepreneurial factors of knowledge, skill, approach, attitude and support. These are aspects of learning that an entrepreneur should gain over time by himself irrespective of whether his family is involved in business or not.

TABLE 4.39
IMPACT OF FATHER'S/ GUARDIAN'S OCCUPATION ON DETERMINANTS OF ENTREPRENEURSHIP

H_{11}: There is no significant relationship between father's/ guardian's occupation and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	2.252	0.027*	Rejected
Social factor	3.255	0.002**	Rejected
Motivational factor	3.280	0.002**	Rejected
Applied Knowledge	3.663	0.001**	Rejected
Business Management Skills	2.136	0.036*	Rejected
Entrepreneurial Approach	2.781	0.007**	Rejected
Entrepreneurial Personal Attitude	2.617	0.011*	Rejected
Entrepreneurial business related Attitude	4.810	0.000**	Rejected
Support, Guidance for entrepreneurial journey	3.758	0.001**	Rejected

*Significant at 5 per cent level.
**Significant at 1 per cent level.

Since p value is less than 0.05 for all entrepreneurial determinants, null hypothesis is rejected in all cases and it can be convincingly concluded that the fathers'/ guardians' occupation has a significant impact on all determinants of entrepreneurship- accessibility factors, social factors, applied knowledge, motivational factors, business management skills, entrepreneurial approach, and entrepreneurial personal attitude, entrepreneurial business related attitude and support, guidance for entrepreneurial journey.

This is one of the most important revelations as this is one of the tables where the null hypothesis is rejected on the count of all factors showing that the father's background has a significant role to play in determining the factors related to entrepreneurship for an entrepreneur. It may be recalled that in Table 4.11, it was mentioned that 64 per cent of the respondents' fathers/ guardians are in business followed by 11.3 per cent in agriculture and 7.3 per cent in employment in private sector. While family involvement in business per se does not make a significant impact as seen in Table 4.38 except as regards accessibility factors and motivational factors, father's occupation has a significant impact on all factors.

This coupled with the fact that 64 per cent of the respondents' fathers are in business can lead to the inference that the determinants of entrepreneurship are impacted and shaped by the environment in which the entrepreneur grows. When a person grows in an environment where his father/ guardian is involved in business, his exposure to entrepreneurship, its challenges, its opportunities, threats and possible solutions may have a significant influence in his approach to entrepreneurship – either positively or otherwise.

On the other hand, for entrepreneurs who have grown with their guardians involved in agriculture, the set of uncertainties and challenges would have shaped their thought processes pretty differently. Again, for entrepreneurs who have grown with guardians who have had an employment,

secure or otherwise, their exposure to risk and their perception or world view of business could be significantly influenced by what they have heard from their parents (if at all) from an employee's perspective. Their learning of entrepreneurship would have been from other sources including peer groups, friends and social circles which has a different dimension to it than when learnt from within the family by observation and osmosis.

TABLE 4.40
IMPACT OF OTHER SOURCES OF INCOME ON DETERMINANTS OF ENTREPRENEURSHIP

H_{12}: There is no significant relationship between other sources of income and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	2.690	0.017*	Rejected
Social factor	3.279	0.005**	Rejected
Motivational factor	3.329	0.004**	Rejected
Applied Knowledge	2.783	0.014*	Rejected
Business Management Skills	3.130	0.007**	Rejected
Entrepreneurial Approach	3.937	0.001**	Rejected
Entrepreneurial Personal Attitude	2.727	0.015*	Rejected
Entrepreneurial business related Attitude	2.142	0.052	Accepted
Support, Guidance for entrepreneurial journey	3.076	0.007**	Rejected

*Significant at 5 per cent level.
**Significant at 1 per cent level.

Since p value is less than 0.05 for almost all entrepreneurial determinants (even for business related attitude it is just on the margin), null hypothesis is rejected in all those cases and it can be concluded that there is a significant impact of the presence of other sources of income on almost all determinants of entrepreneurship- accessibility factors, social factors, applied knowledge, motivational factors, business management skills, entrepreneurial

approach, entrepreneurial personal attitude, entrepreneurial business related attitude and support, guidance for entrepreneurial journey.

From Table 4.12, it was clear that about 50 per cent had no additional income while about 28 per cent had some rentals from landed property; about nine per cent had agricultural income while a small portion had unearned income. This shows that the existence of other sources of income significantly impacts the determinants of entrepreneurship. What is worth noting is that even motivational factors are impacted by the existence of other sources of income. This can only mean that the appetite for risk is associated with the backup plan that the entrepreneur may have in case his venture doesn't take off and give him returns as he would like it to. The other sources of income may also provide the entrepreneur with an improved self-image and greater confidence in projecting himself.

What may be specifically mentioned is that even accessibility factors are impacted by the existence of other sources of income which may mean that the entrepreneur has more bandwidth to decide how he chooses to identify the sources of various factors of production when he has a better backing with another source of income rather than when he has none and is given limited options to choose from. His negotiating power with factors of production may be significantly lower when he has no back up or an alternate source of income.

TABLE 4.41
IMPACT OF RANGE OF OTHER SOURCES OF INCOME ON DETERMINANTS OF ENTREPRENEURSHIP

H_{13}: There is no significant relationship between range of other sources of income and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	0.672	0.613	Accepted
Social factor	3.193	0.015*	Rejected
Motivational factor	2.752	0.030*	Rejected
Applied Knowledge	2.030	0.093	Accepted
Business Management Skills	4.029	0.004**	Rejected
Entrepreneurial Approach	6.435	0.000**	Rejected
Entrepreneurial Personal Attitude	3.807	0.006**	Rejected
Entrepreneurial business related Attitude	2.519	0.044*	Rejected
Support, Guidance for entrepreneurial journey	4.055	0.004**	Rejected

*Significant at 5 per cent level.
**Significant at 1 per cent level.

Since p value is less than 0.05 for most of the entrepreneurial determinants, null hypothesis is rejected in those cases and it can be concluded that there is a significant impact of variations in value of the other sources of income on these determinants of entrepreneurship – social factors, motivational factors, business management skills, entrepreneurial approach, entrepreneurial personal attitude, entrepreneurial business related attitude and support, guidance for entrepreneurial journey.

This is almost a corollary of Table 4.40 which talked of the existence of another source of income. Where there is no income, it would substantially be the same as Table 4.40 with a significant impact on the various determinants of entrepreneurship. Where there is income, the levels don't seem to matter much

in impacting accessibility factors (which may be more to do with the nature of business itself) and the applied knowledge factors (which may be more to do with how the entrepreneur develops his own knowledge for application over time).

TABLE 4.42
IMPACT OF RANGE OF MONTHLY INCOME ON DETERMINANTS OF ENTREPRENEURSHIP

H_{14}: There is no significant relationship between range of monthly income and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	1.132	0.338	Accepted
Social factor	4.359	0.006**	Rejected
Motivational factor	4.276	0.006**	Rejected
Applied Knowledge	1.233	0.300	Accepted
Business Management Skills	3.296	0.022*	Rejected
Entrepreneurial Approach	2.924	0.036*	Rejected
Entrepreneurial Personal Attitude	3.027	0.032*	Rejected
Entrepreneurial business related Attitude	4.206	0.007**	Rejected
Support, Guidance for entrepreneurial journey	0.803	0.494	Accepted

*Significant at 5 per cent level.
**Significant at 1 per cent level.

Since p value is less than 0.05 for many entrepreneurial determinants, null hypothesis is rejected in those cases and it can be concluded that there is a significant impact of variations in the range of monthly income on these determinants of entrepreneurship- social factors, motivational factors, business management skills, entrepreneurial approach, and entrepreneurial personal attitude and entrepreneurial business related attitude. It is worth noting that this is almost the same as Table 4.41 with the only exception on the support and guidance factor.

This reinforces the point that accessibility factors are more dependent on the nature of business itself and just having additional money may not completely solve the issues relating to accessibility. Location, availability of labour, nearness to markets, training, infrastructure and technology needs are a part of the larger business plan and need to be thought at the strategic level even when planning the business.

Similarly, knowledge relating to the various functions has to be gained irrespective of the earning capacity and hence an entrepreneur has to work on this himself no matter what the earning capacity of the business is. A profitable business by itself does not translate into additional 'knowledge' for an entrepreneur or vice versa. Support and guidance need to be sought by the entrepreneur and just by having a higher range of income, that may not come through voluntarily to make a significant impact.

However, in certain instances the range of monthly income does seem to create a significant impact. The social acceptance of an entrepreneur and his own self-image and his image as perceived in his social circles vary according to the profitability of his business. Again, his motivational factors vary depending on his range of income. A higher income could give him a higher urge to reach greater heights or make him complacent. Equally, a lower income than expected could positively motivate the entrepreneur to push himself more or let go with a defeated attitude. Either way, the level of income would significantly impact the motivational levels of the entrepreneur.

Business skills are honed by experience and time; therefore depending on the growth of the business and the income it generates, the entrepreneur would be impacted by the lessons he learns over time and would be responding to that by suitably improving his skills according to the necessities of the situation. Similarly, his entrepreneurship approach – ability to network better and the appetite for risks would be correlated with his income level; so also his need to seek information and innovate more.

His attitudes- both personal and business related – would respond and get shaped as a function of the growth of his business and the challenges they pose on him. Very clearly, the world view of a person who gets his income at a level planned would be much more accommodative of the world around him than a person who is not able to cross the bar he sets for himself.

TABLE 4.43
IMPACT OF THE SOURCE OF KNOWLEDGE OF ENTREPRENEURIAL ENVIRONMENT ON DETERMINANTS OF ENTREPRENEURSHIP

H_{15}: There is no significant relationship between source of knowledge of entrepreneurial environment and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	12.335	0.000**	Rejected
Social factor	4.840	0.000**	Rejected
Motivational factor	5.952	0.000**	Rejected
Applied Knowledge	5.225	0.000**	Rejected
Business Management Skills	3.814	0.001**	Rejected
Entrepreneurial Approach	4.081	0.000**	Rejected
Entrepreneurial Personal Attitude	3.891	0.001**	Rejected
Entrepreneurial business related Attitude	4.517	0.000**	Rejected
Support, Guidance for entrepreneurial journey	5.624	0.000**	Rejected

**Significant at 1 per cent level.

Since p value is less than 0.05 for all entrepreneurial determinants, null hypothesis is rejected in all those cases and it can be convincingly concluded that there is a significant impact of the source of knowledge of entrepreneurship environment on all determinants of entrepreneurship – accessibility factors, social factors, applied knowledge, motivational factors, business management skills, entrepreneurial approach, entrepreneurial personal

attitude, entrepreneurial business related attitude and support, guidance for entrepreneurial journey.

This can be correlated with Table 4.15, wherein about 28 per cent have claimed to understand the entrepreneurial environment through trade fairs and exhibitions while 16 per cent have talked of visit to other industries as their source of knowledge. About 15.3 per cent have learnt from their family members while about 13 per cent have picked up knowledge from attending seminars and conferences. About 10.7 per cent have also learnt from friends/ peers in business.

It is interesting to note that the source of knowledge has a significant impact on all determinants of entrepreneurship. Trade fairs and exhibitions may have a way of providing enough information about various factors associated with business, so also, provide the right exposure to the sources from which additional knowledge can be gathered. Equally, networking opportunities could become available. The impact of this could be different from getting knowledge from the family members which would be more oriented towards practical learnings on the field and the wisdom gained from experience.

Knowledge from seminars and conference would provide varied facets on the updated environment in the business scene and give links to consultants and other innovative thought processes. Listening to success stories has a specific impact on the entrepreneurs in such conferences too. Visiting other industries either locally or out of the country can give a new set of perspectives while instilling confidence with an actually working model that can be seen and understood. Learning from peers, friends could be a powerful motivator thereby providing a lasting impact on mainly motivational factors and social factors and thereafter on the learning aspects associated with knowledge, skills and attitude.

TABLE 4.44
IMPACT OF SOURCE OF IDEA TO COMMENCE BUSINESS ON DETERMINANTS OF ENTREPRENEURSHIP

H_{16}: There is no significant relationship between source of idea to commence business and determinants of entrepreneurship.

Determinants of Entrepreneurship	F value	p value	Result (H_0)
Accessibility factor	10.943	0.000**	Rejected
Social factor	8.280	0.000**	Rejected
Motivational factor	3.577	0.004**	Rejected
Applied Knowledge	4.104	0.002**	Rejected
Business Management Skills	4.504	0.001**	Rejected
Entrepreneurial Approach	3.785	0.003**	Rejected
Entrepreneurial Personal Attitude	6.860	0.000**	Rejected
Entrepreneurial business related Attitude	3.146	0.010**	Rejected
Support, Guidance for entrepreneurial journey	1.364	0.241	Accepted

**Significant at 1 per cent level.

Since p value is less than 0.05 for almost all entrepreneurial determinants, null hypothesis is rejected in all those cases and it can be concluded that there is a significant impact of the source from which the idea of starting the business was taken up by the entrepreneur on all these determinants of entrepreneurship – accessibility factors, social factors, applied knowledge, motivational factors, business management skills, entrepreneurial approach, entrepreneurial personal attitude and entrepreneurial business related attitude.

In Table 4.16, it was seen that about 36 per cent joined family businesses while 26 per cent had the idea from friends and 14 per cent had their ideas from relatives. From Table 4.44, it can be inferred that there is a

significant impact on the determinants of entrepreneurship based on whether one has joined the family business or one has started on his own based on the suggestions and ideas from friends and relatives. When one joins a family business, it could be as a second or third generation entrepreneur where the security of a safe business may be there but the freedom would be restricted within certain limits; a greater deal of adjustment would be needed with the other family members in the business and alignment with their thoughts could be crucial. Any new idea needs to be sold with perseverance and patience to the others before it can be executed.

On the other hand, when a person starts business on his own, he would have freedom of operation which could be dangerous if unbridled but wouldn't have the security of a safe business that is already set up. This in turn, will have a significant impact on how the entrepreneurs perceive themselves and motive themselves from within and how the society at large perceives them.

4.4 CONCLUSION

Now having gone through sixteen tables which talked about sixteen demographic details and their impact on the determinants of entrepreneurship, Table 4.45 summarizes all these findings and draws some general inferences from them. The demographic particulars have been listed on the Y axis of the table while the various determinants of entrepreneurship have been listed on the X axis. Where the null hypothesis is accepted, it is shaded in green with an 'A' symbol and counted both along the X and Y axes. Where the null hypothesis is rejected, it is shaded in yellow with an 'R' symbol and counted again both along the X and Y axes. Without allotting any specific weightage, the demographic profile factors and the determinants of entrepreneurship have been shaded green or yellow based on the majority of the entries in that row or column.

TABLE 4.45
SUMMARY OF VARIOUS DEMOGRAPHIC DETAILS AND THEIR IMPACT ON THE DETERMINANTS OF ENTREPRENEURSHIP

H_0: There is no significant relationship between demographic profile of the entrepreneurs and determinants of entrepreneurship.

Particulars	Accessibility	Social	Motivational	Knowledge	Bus skills	Approach	Per attitude	Bus attitude	Support	Accepted	Rejected
Age	A	R	R	R	R	R	R	R	A	2	7
Gender	A	A	R	R	R	R	R	A	A	4	5
Qualification	R	R	A	R	R	R	R	R	R	1	8
Marital status	A	R	A	A	A	R	A	A	A	7	2
Family size	A	R	A	R	R	R	R	R	A	3	6
Nature of business	R	A	R	A	A	A	A	A	A	7	2
Industry focus	R	R	R	A	R	A	R	R	R	2	7
Age of organisation	R	R	A	R	R	R	R	R	R	1	8
Before/ after marriage	A	A	A	A	R	R	A	A	A	7	2
Family involvement in business	R	A	R	A	A	A	A	A	A	7	2
Father's occupation	R	R	R	R	R	R	R	R	R	0	9
Other source of income	R	R	R	R	R	R	R	A	R	1	8
Range of other income	A	R	R	A	R	R	R	R	R	2	7
Value of monthly income	A	R	R	A	R	R	R	R	A	3	6
Knowledge about business	R	R	R	R	R	R	R	R	R	0	9
Idea to commence business	R	R	R	R	R	R	R	R	A	1	8
Accepted	7	4	5	7	3	3	4	6	9	48	
Rejected	9	12	11	9	13	13	12	10	7		96

The summary of inferences from Table 4.45 can be looked at from the demographic profile dimension and the entrepreneurship determinants dimension.

From the demographic profile dimension, null hypothesis is rejected in the case of **twelve** factors and hence conclusion drawn therefrom that these have a significant relationship with the determinants of entrepreneurship – age, gender, qualification, family size, industry focus, age of organisation, father's/ guardian's occupation, other sources of income, value of other source of income, range of monthly income from business, source of knowledge about business and source of idea to commence business.

Null hypothesis is accepted in the case of **four** factors and hence conclusion drawn therefrom that these do not have a significant relationship with the determinants of entrepreneurship - marital status of the entrepreneur, nature of business, whether business was started before or after marriage and family involvement in business

From the entrepreneurship determinants dimension, null hypothesis is rejected in the case of the following **eight** factors and hence conclusion drawn therefrom that they are significantly impacted by variations in the demographic profile of entrepreneurs - accessibility factors, social factors, motivational factors, applied knowledge, business skills, entrepreneurial approach, entrepreneurial personal and business related attitudes.

Null hypothesis is accepted in the case of only **one** factor – support and guidance for the entrepreneurship journey and hence conclusion drawn therefrom that this is not significantly impacted by change in demographic profile.

It is concluded that the demographic profile of an MSME entrepreneur is important to understand as variations in the profile have a significant impact on almost all the determinants of entrepreneurship.

5.1 INTRODUCTION

The determinants of entrepreneurship have been categorized under three categories – Enabling determinants, Driving determinants and Propelling determinants. The enabling determinants include the routine enablers of business such as seed capital, routine capital, location, manpower and marketing. The driving determinants include the accessibility, social and motivational factors that drive an entrepreneur to sustain his business. The propelling determinants include the knowledge, skills, attitude, approach and support/ guidance available to an entrepreneur to succeed in his entrepreneurial venture. The descriptive feelings of the Madurai MSME sector entrepreneurs have been captured on a Likert scale, analysed and elabourated on, in this chapter.

An analysis is made of each of these three determinants- enabling, driving and propelling- grouped under various dimensions to understand where the said entrepreneurs stand with respect to each of these at present. This would give an indication of what the gaps are and where further strengthening may be needed to ensure sustainability of the entrepreneurial environment in Madurai.

The analysis has been done with a five point Likert scale which has been used to capture the descriptive feeling and the mid-point 3 is taken as the point of indifference or no opinion. Level/ point 5 then talks of strong agreement to the statement or in the case of competency factors, talks of substantial grasp of the subject. Level/ point 4 then talks of agreement to the statement or in the case of competency factors, talks of reasonable grasp of the subject. Level/ point 3 then talks of no opinion on the statement or in the case of competency factors, talks of basic grasp of the subject. Level/ point 2 then talks of disagreement to the statement or in the case of competency factors, talks of poor grasp of the subject. Level/ point 1 then talks of strong disagreement to the statement or in the case of competency factors, talks of lack of grasp of the subject.

A normal distribution has been made for each of the factors to understand where the Madurai MSME entrepreneurs stand in relation to the particular factor in terms of their perception. Only the area above 'Level 4' shows an agreement with certainty to the statement made and more than a reasonable grasp of a competency. Hence, the area below 'Level 4' shows a lack of agreement to the statement made and less than a reasonable grasp of a competency. The former has been marked as a percentage in the normal distribution curve while the latter has been shaded in the graph. Inference follows this interpretation with ideas for sustainability relating to that determinant of entrepreneurship.

5.2 ANALYSIS OF ENABLING DETERMINANTS

This section deals with the analysis of enabling determinants that enable the entrepreneur in his routine business – capital, location, manpower and marketing.

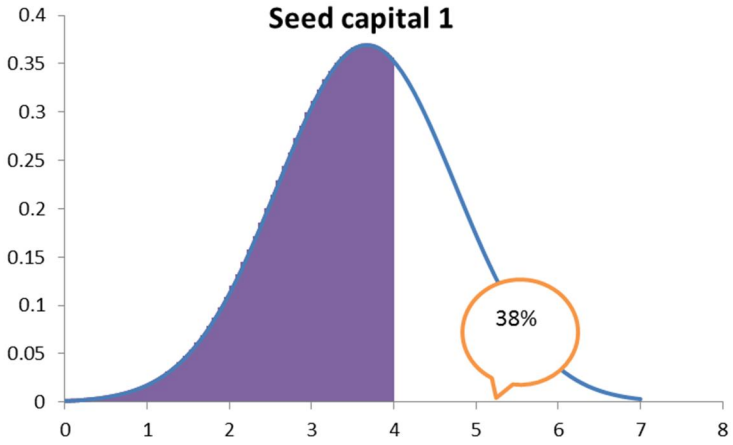
5.2.1 Seed Capital

TABLE 5.1
DESCRIPTIVE FEELING ABOUT SEED CAPITAL WHILE COMMENCING BUSINESS

Sl.No	Particulars	Mean	SD	(z) =L 4	Population	
	Seed capital				**> L 4**	**< L 4**
1	Seed capital was not enough	3.67	1.08	0.31	38%	62%
2	Even without seed capital, one can start a business and grow it	2.98	1.35	0.76	22%	78%
3	Seed capital is important to gain credibility in availing loans	3.69	1.12	0.28	39%	61%
4	Seed capital would enable solve teething trouble quickly	3.69	0.92	0.34	37%	63%
5	Seed capital gives confidence and paves the way for sustained growth	3.98	0.82	0.02	49%	51%
6	Innovative ideas and a feasible business project will enable one get seed capital easily	3.83	0.95	0.18	43%	57%
7	Loan for seed capital would be available at lowest interest from commercial bank	3.11	1.06	0.84	20%	80%

Nearly all the statements range between 3 and 4 in their mean. The top ranked feeling is "that seed capital gives confidence and paves the way for sustained growth". Corroborating this, the entrepreneurs seem to understand the importance of seed capital and the least ranked is "that even without seed capital, one can start a business and grow it".

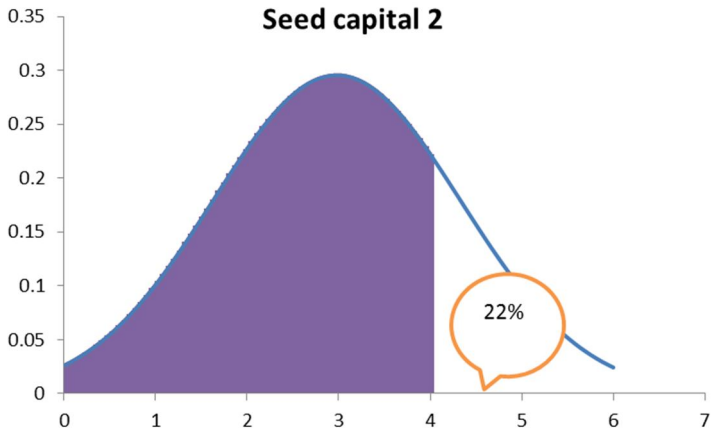
CHART 5.1
FEELING THAT "SEED CAPITAL WAS NOT ENOUGH"



This shows that only 38 per cent feel that their seed capital was not enough when they started while a good 62 per cent feel that their seed capital was sufficient. This also means that a good many entrepreneurs feel that they have started their business with sufficient seed capital and it is heartening to note that they have understood the importance of seed capital also. However, more than one third of the entrepreneurs feeling that the seed capital hasn't been enough is not a healthy signal.

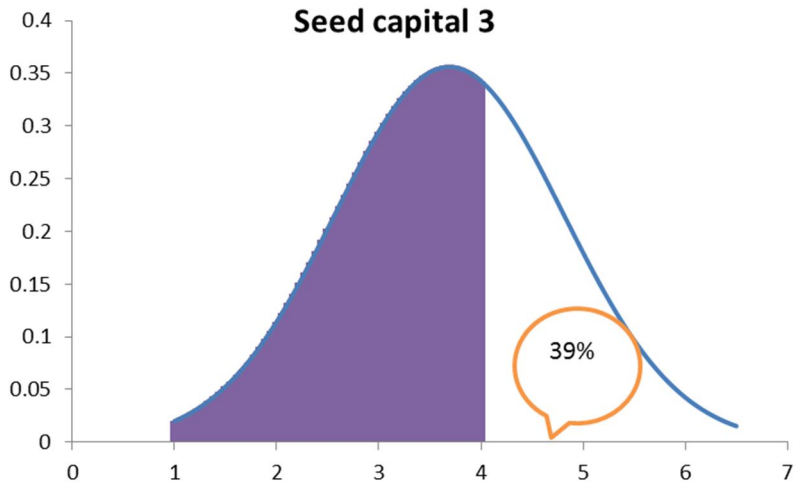
If a business is started without sufficient seed capital, it is bound to get into financial ill health soon. Over-leveraging may happen, thereby burdening the business with interest costs which it can ill afford. Entrepreneurs understanding the importance of seed capital and planning for adequate capital even at the outset is important to maintain the financial health of the business and sustain the entrepreneurship venture over the years.

CHART 5.2
FEELING THAT "EVEN WITHOUT SEED CAPITAL, ONE CAN START A BUSINESS AND GROW"



This shows that only 22 per cent feel that even without seed capital, one can start a business and grow it while a good 78 per cent understand that without adequate seed capital, it would be difficult to start a business and grow it. In certain service businesses, seed capital may be minimal while for all other businesses, particularly manufacturing and trading, seed capital is extremely important to handle the working capital cycles. This seems to be well understood by the entrepreneurs.

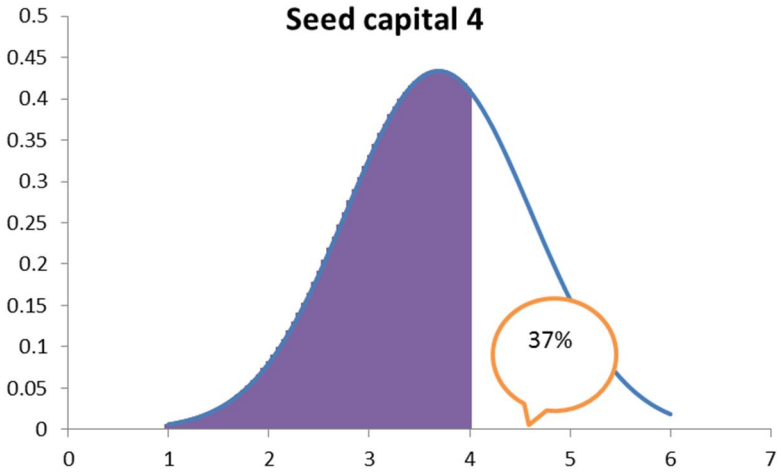
CHART 5.3
FEELING THAT "SEED CAPITAL IS IMPORTANT TO GAIN CREDIBILITY IN AVAILING LOANS"



This shows that only 39 per cent think that seed capital is important to gain credibility in availing loans while 61 per cent think that even without adequate seed capital, loans may be availed. This reveals a lack of understanding of the relationship between seed capital and loan funds leading one to conclude that the concept of financial leveraging is not very clear to the entrepreneurs.

While they seem to be clear about the importance of seed capital, how that can give them additional credibility in availing loans is not clear enough. Therefore, there may be a situation where they feel that they are not able to raise funds from the banks or other institutions without understanding how capital adequacy or leveraging ratios are being looked at. This calls for sensitising the entrepreneurs to the concept of financial leveraging and debt equity balances.

CHART 5.4
FEELING THAT "SEED CAPITAL WOULD ENABLE SOLVE TEETHING TROUBLE QUICKLY"

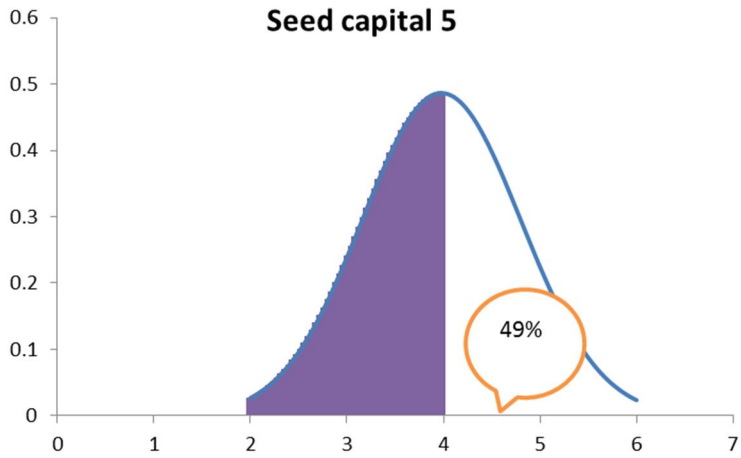


This shows that only 37 per cent feel strongly that seed capital would enable solve teething trouble quickly while a good 63 per cent don't think so. Those who do not believe that seed capital would enable solving teething problem may feel so from two perspectives.

They may think that capital alone is not sufficient to handle the teething problems as they may be related to non-financial issues including availability of labour, proximity of market and other business dimensions not quickly and immediately solvable by capital alone. Otherwise they may not be fully aware of how sufficient seed capital itself can provide the capability for leveraging and also to gain time in tackling some of the other issues related to the initial phase of business.

Equally, those who believe could do so from the other side of the above two perspectives, in which case, there should be a warning note sounded to them that seed capital alone cannot solve all issues quickly and there could be non-financial related issues that need to be handled with care and tact. Of course, adequacy of seed capital will definitely enable the entrepreneur gain time and perspective in handling issues.

CHART 5.5
FEELING THAT "SEED CAPITAL GIVES CONFIDENCE AND PAVES THE WAY FOR SUSTAINED GROWTH"



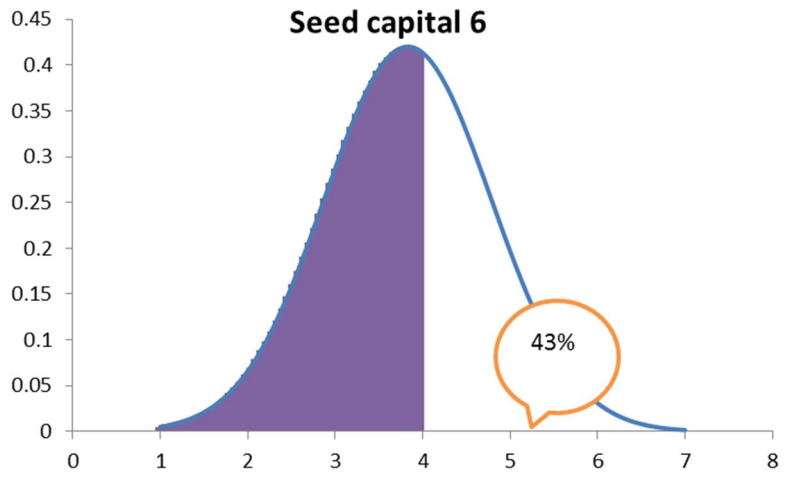
This shows that roughly there is almost equally divided opinion on whether seed capital gives the confidence and paves the way for sustained growth. If we infer that the entrepreneurs understand the importance of seed capital as reflected in the first two tables, this reading may lead to the following interpretations.

There are entrepreneurs who believe that seed capital provides the confidence to handle other issues comfortably – this may come from gaining time in handling all other issues related to business without worrying about running out of capital; having sufficient focus and gaining perspective on the operational, marketing, people and related strategic dimensions rather than getting caught up with managing finance alone on a routine basis.

The entrepreneurs who don't believe that seed capital provides confidence would belong to the school of thought that this is a necessary but not sufficient condition to ensure sustained growth; there are various other factors that need to be carefully and deftly handled.

There is merit in both schools of thought and an entrepreneur needs to balance these out suitably according to his situation on the ground.

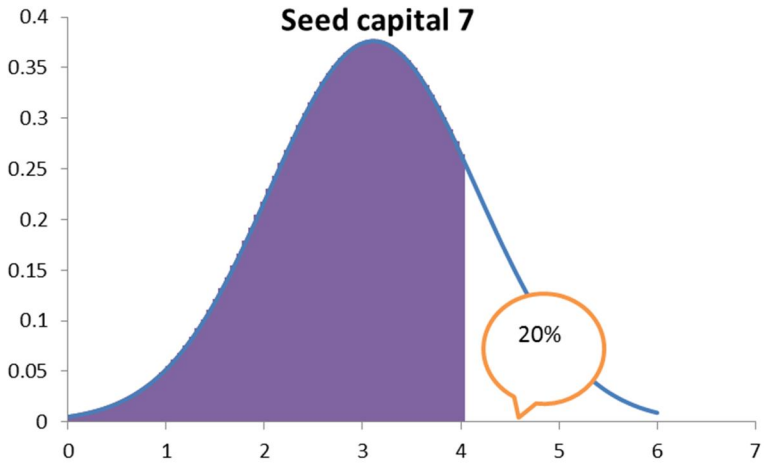
CHART 5.6
FEELING THAT "INNOVATIVE IDEAS AND A FEASIBLE BUSINESS PROJECT WILL GET IN SEED CAPITAL EASILY"



This shows that 57 per cent don't think that a feasible business project and innovative ideas alone will enable one get seed capital. A reasonable 43 per cent think otherwise. There are quite a few entrepreneurs who have obtained or seen other entrepreneurs obtaining seed capital based on a feasible business project and/or innovative ideas. However, in the total population, this

is less than 50 per cent. There are other entrepreneurs who may not have sufficient exposure to drafting a feasible business project and may not be aware of its importance in the initial stages of the business. Also, innovative ideas alone cannot get seed capital; the innovative ideas must be translated into a business project and a financially feasible one at that; sometimes entrepreneurs tend to believe that something that is innovative by itself translates into a good business idea which is not always the case.

CHART 5.7
FEELING THAT "LOAN FOR SEED CAPITAL WOULD BE AVAILABLE AT VERY LOW INTEREST FROM COMMERCIAL BANKS"



It is very clear that entrepreneurs are aware of the ground reality that it is not easy to raise seed capital linked loans from the Banks. Only 20 per cent feel that loans for seed capital would be available from banks at attractive rates. This could be interpreted to mean that loans from banks are not available for seed capital to the MSME entrepreneurs or loans are available but at what are not considered attractive rates or loans are not available at the terms expected by the MSME entrepreneurs.

While a lot of thrust is being given for the support of MSME entrepreneurs, there seems to be a gap between how the financial inclusion needs to happen as perceived by the Government at large and how the entrepreneurs perceive it themselves. Sensitising both parties involved may be

important for sustainability of entrepreneurship in the MSME sector. Awareness programmes from the Banks and the entrepreneurs getting to know the opportunities and procedures could help bridge this gap.

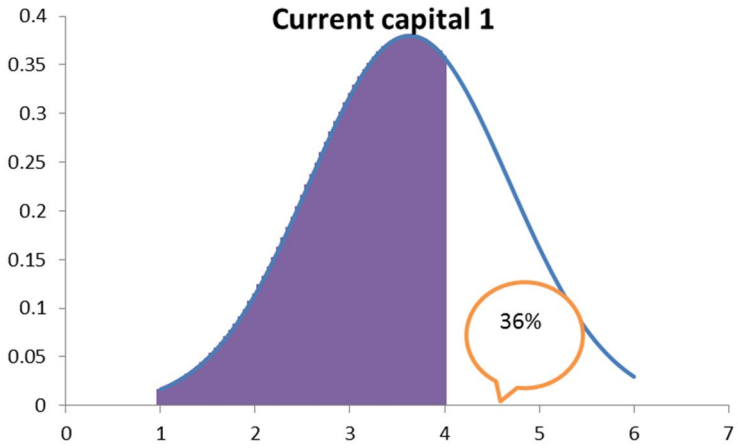
5.2.2 Current capital

TABLE 5.2
DESCRIPTIVE FEELING ABOUT CURRENT CAPITAL IN BUSINESS

Sl.No	Particulars	Mean	SD	(z) =L 4	Population	
	Current capital				**> Lev 4**	**< Lev 4**
1	Current capital is adequate	3.63	1.05	0.35	36%	64%
2	Hopeful of raising funds as capital from other sources	3.83	0.86	0.20	42%	58%
3	Capital is effectively utilized	3.79	1.02	0.21	42%	58%
4	Bank formalities are complicated; funds are delayed and shortage of capital affects the business	3.62	1.19	0.32	37%	63%
5	Loans that are available are only for a short period and immediate repayment is insisted on	3.35	1.40	0.46	32%	68%
6	Sufficient capital would gives additional confidence	3.81	1.02	0.19	43%	57%
7	There is need of knowledge in financial management	3.93	1.25	0.06	48%	52%

Nearly all statements have their means between Level 3 and Level 4. The need to know financial management ranks the highest while the feeling that loans are available only for a short period and immediate repayment is insisted upon ranks the lowest.

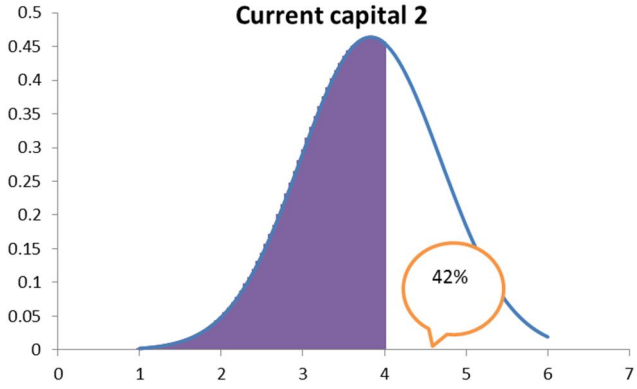
CHART 5.8
FEELING THAT 'CURRENT CAPITAL IS ADEQUATE"



This Table shows that 64 per cent believe that their current capital is not adequate to carry on their business while 36 per cent feel that their capital is adequate. This is a major point as far as entrepreneurship sustainability is concerned as without 'financial health', the continuance of the business, leave alone the growth, will be a huge question. Given that so many of the entrepreneurs feel that their capital is not adequate, it is important to address this for sustainability of entrepreneurship in many ways.

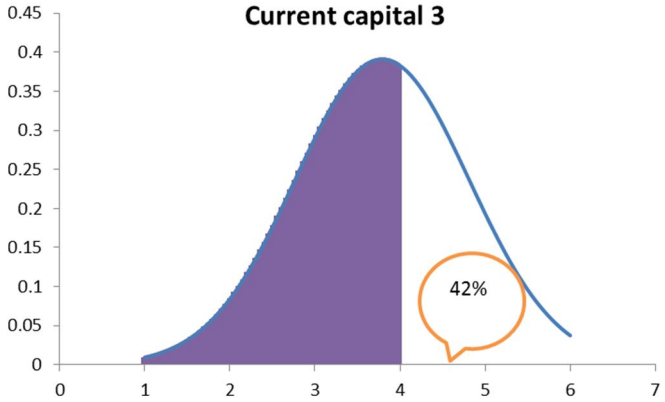
It may be important for the entrepreneurs to first understand the financials of their business completely and have an idea of the capital requirements. The entrepreneurs need to own these numbers and understand the minimal capital to be brought in by his own self to enable leveraging. The working capital requirements of the business must be worked out at a minimal of three levels – safety, realistic and optimistic to enable plan funds. A constant monitoring of such capital flows may be important to keep track. Matching of sources and uses of funds must be done particularly to avoid mismatch in terms of short term funds being used for long term purposes and vice-versa. Capital adequacy norms must be constantly revisited for the growth of business and sustainability.

CHART 5.9
FEELING THAT ONE IS "HOPEFUL OF RAISING FUNDS AS CAPITAL FROM OTHER SOURCES"



While 64 per cent feel that their current capital is not adequate (Chart 5.8), only 42 per cent are confident of raising funds from other sources. 58 per cent are not confident of raising funds to meet their capital requirement gaps. This is a discomforting factor as either the entrepreneurs do not know the sources from which such additional capital can be raised or they are not confident of getting favourable terms and conditions or they are not comfortable with their business financial strength to check out for such additional capital. The entrepreneurs need to be sensitised on all three counts above to keep them informed about sources of additional capital, understand the impact of various terms and conditions of raising loans and the financial discipline that needs to be inculcated to ensure that the business is capable of raising funds on its own balance sheet strength and future projections.

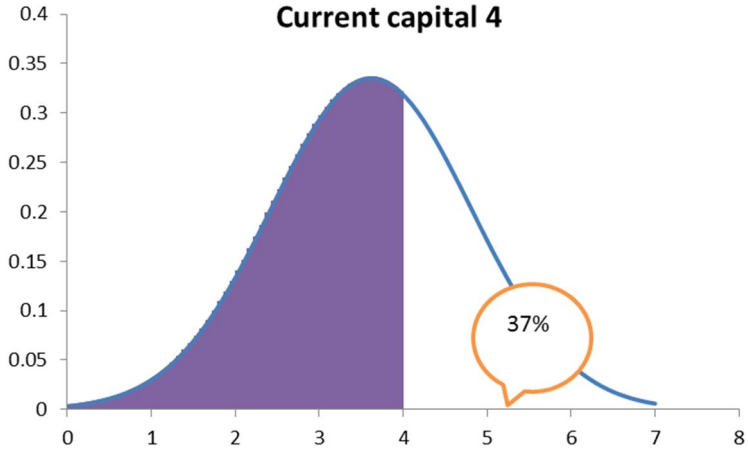
CHART 5.10
FEELING THAT "CAPITAL IS EFFECTIVELY UTILIZED"



About 42 per cent of the entrepreneurs think that capital is effectively utilised while about 58 per cent think that it is not effectively utilised. Since this is only a descriptive feeling of the entrepreneurs' view on the capital utilisation, it is not known on what basis they have come to this conclusion.

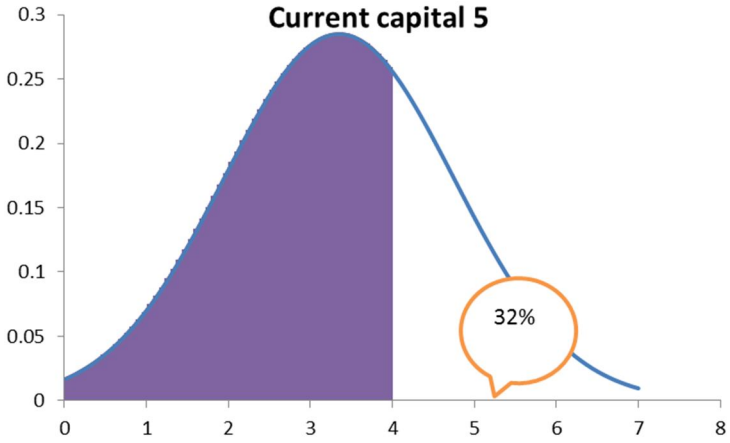
It could be merely based on the need for funds that may have been escalated to them. In the absence of a specific measure for utilisation of capital, it could be difficult to reach an objective view on this and it could be important for the entrepreneurs to check their financial health with capital utilisation ratios which can act as their barometer for financial health.

CHART 5.11
FEELING THAT "BANK FORMALITIES ARE COMPLICATED; SHORTAGE OF CAPITAL AFFECTS THE BUSINESS"



It is interesting to note that 63 per cent do not feel bank formalities are complicated or funds are delayed affecting the business. This shows that on a running basis, performing businesses are able to raise loans from the bank and are comfortable with the time lines by which they are sanctioned and do not find the formalities cumbersome. This is a positive sign which is a 'must have' to ensure sustainability of entrepreneurship in the region.

CHART 5.12
FEELING THAT "LOANS ARE AVAILABLE ONLY FOR SHORT PERIOD AND IMMEDIATE REPAYMENT IS INSISTED ON"



Corroborating with Chart 5.11, only 32 per cent feel that the availability and tenor of loans are discomforting while a good 68 per cent believe that loans are available for a comfortable period of time. This again shows that the relationship between the bankers and the entrepreneurs is perceived well and is a positive and healthy sign for the sustainability of entrepreneurship in the region.

CHART 5.13
FEELING THAT "SUFFICIENT CAPITAL WOULD GIVE ADDITIONAL CONFIDENCE"

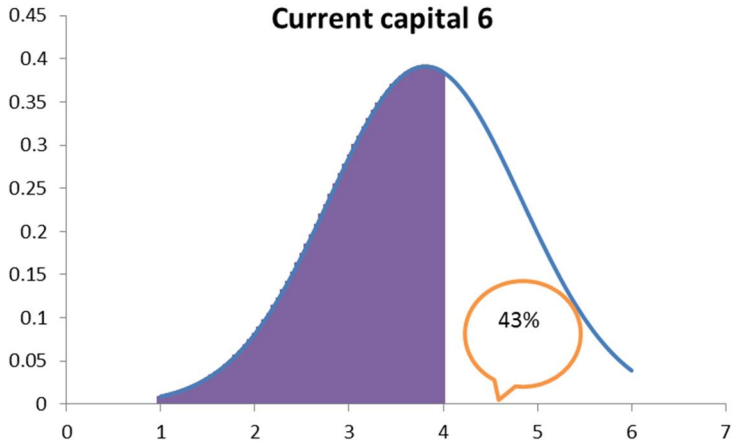
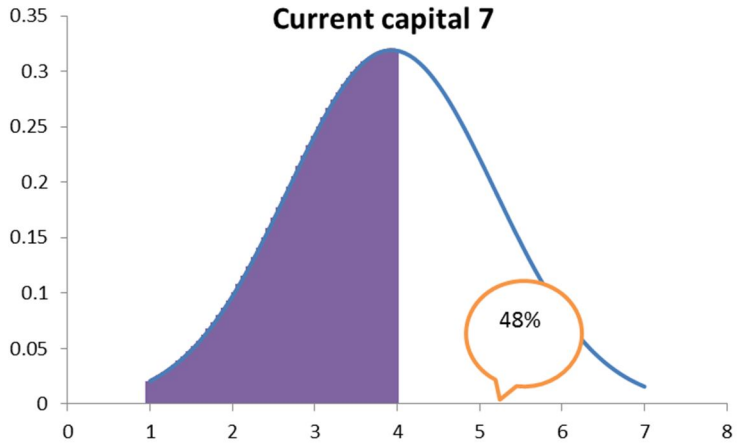


Chart 5.13 shows that less than half the entrepreneurs believe that sufficient capital would give additional confidence. This also matches with Chart 5.5 where 51 per cent didn't feel that seed capital would give confidence.

Similarly, here 57 per cent don't feel that sufficient capital alone will give confidence. On the positive side, it may be interpreted to mean that entrepreneurs understand that capital is only one factor of production for a successful enterprise and cannot substitute for all other ingredients that together make up a good enterprise.

CHART 5.14
FEELING THAT "THE NEED OF KNOWLEDGE IN FINANCIAL MANAGEMENT IS IMPORTANT"



While 48 per cent understand the need of knowledge in financial management, a little more than half the entrepreneurs, at 52 per cent don't seem to perceive its need at all. This observation is a little discomforting as an entrepreneur needs to own his numbers and understand them well to ensure the financial strength of the organisation which in turn will lead to the sustainability and growth of the enterprise.

This perception is possibly because of the entrepreneurs thinking that only the operational dimensions are to be focussed on and the financial dimensions will take care of themselves, lack of understanding of the importance and implications of the financial dimensions, lack of appreciation of how numbers can guide the business and an approach that finance is the responsibility of the auditors or the income tax consultants and is relevant only to that extent.

No matter where this perception comes from, it is important to sensitise entrepreneurs to their need to know and own numbers which alone can guide them in ensuring the financial health of the enterprise.

5.2.3 Location of the business

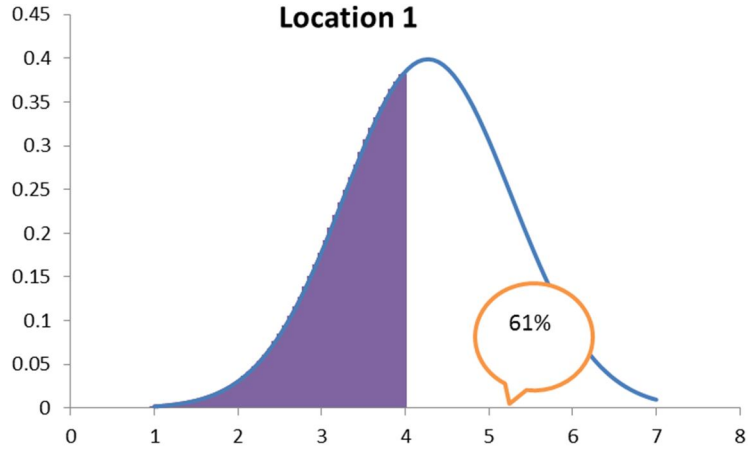
TABLE 5.3
DESCRIPTIVE FEELING ABOUT LOCATION OF BUSINESS

Sl.No	Particulars	Mean	SD	(z) =L 4	Population	
	Location				**>Lev 4**	**< Lev 4**
1	Location plays a significant role in business	4.27	1.00	-0.27	61%	39%
2	Appropriate selection of location saves cost	4.25	0.64	-0.39	65%	35%
3	Location plays a role in procurement of raw materials in time for continuous production	3.87	1.10	0.12	45%	55%
4	Location supports identifying the right type of labour needed for the business	3.89	0.91	0.12	45%	55%
5	Location gives prestige to the business	3.59	1.11	0.37	36%	64%
6	One shouldn't invest a high amount in the location of business	3.25	1.00	0.75	23%	77%
7	Cheap land with wide area is generally enough, location doesn't matter	2.77	1.22	1.01	16%	84%
8	Future expansion is to be considered while selecting the location of the business	4.05	0.74	-0.07	53%	47%
9	Location is immaterial; maintaining product quality is sufficient	3.03	1.13	0.86	20%	80%
10	Access to city limits is important for my business	3.85	0.92	0.16	44%	56%

The mean of the statements range from as low as 2.77 (cheap land with wide area is generally enough, location doesn't matter) to as high as 4.27 (location plays a significant role in business). Interestingly, these statements are almost the opposites of each other at two extremes. Location has different significances for each type of industry, depending on whether it is

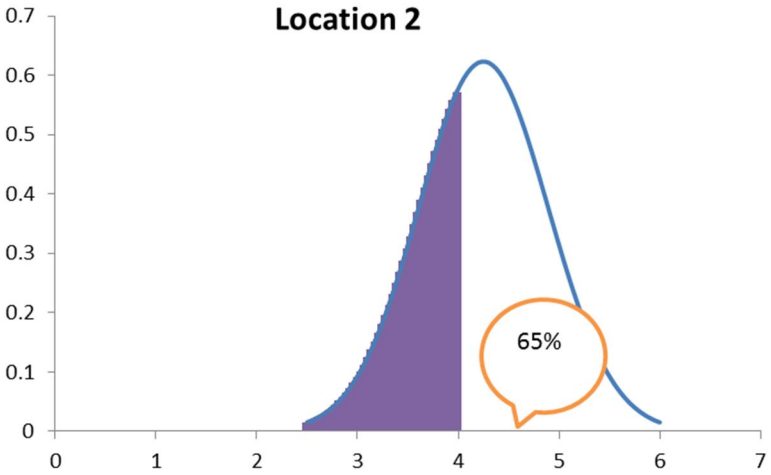
manufacturing, trading or service and this may have to be borne as an underlying thought in all the interpretations below. It may not be possible to make generalizations without understanding the specific type of industry from which the entrepreneur gets his perspective.

CHART 5.15
FEELING THAT "LOCATION PLAYS A SIGNIFICANT ROLE IN BUSINESS"



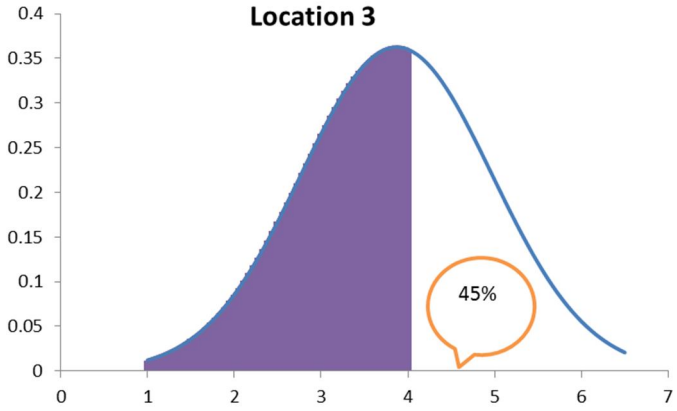
The entrepreneurs clearly understand that location plays a significant role in business which means they would be conscious to locate it in the appropriate place even at the outset. A good 61 per cent are conscious of the significant role that location plays in the sustainability and growth of business.

CHART 5.16
FEELING THAT "APPROPRIATE SELECTION OF LOCATION SAVES COST"



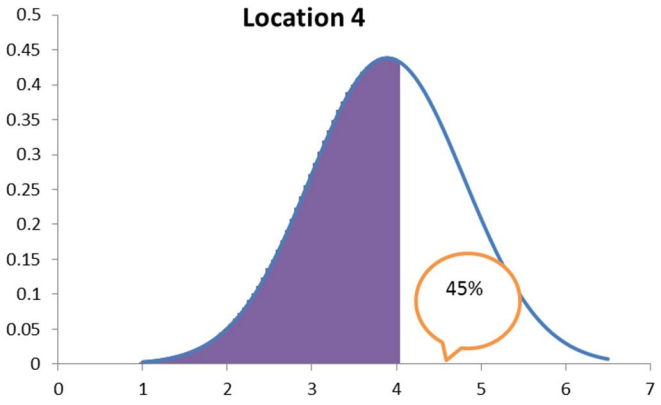
Most of the entrepreneurs do realise that if the location is appropriately selected at the outset, this can lead to substantial savings in costs. For the sustainability of the business, it is important that depending on the business, proximity to sources of production, raw material, labour, markets etc. are clearly identified and the location appropriately decided.

CHART 5.17
FEELING THAT "LOCATION PLAYS A ROLE IN PROCUREMENT OF RAW MATERIALS TO SUPPORT PRODUCTION"



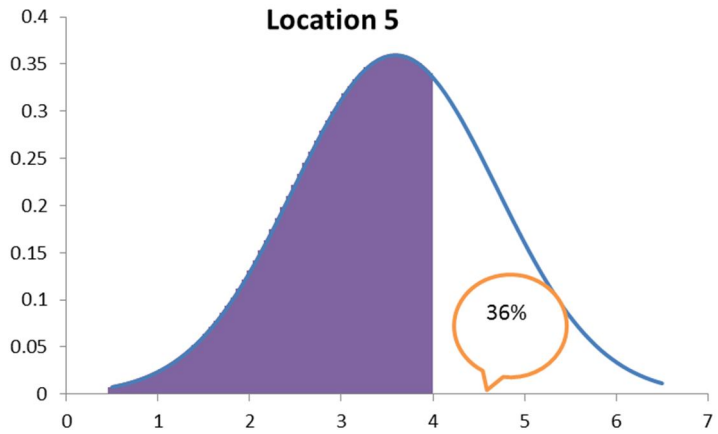
Only 39.3 per cent of the respondents belong to the manufacturing sector and hence this may have been understood in its full import only by those entrepreneurs in that sector; given that as a backdrop, only 45 per cent see the importance of the choice of location to ensure procurement of raw materials in time for continuous production.

CHART 5.18
FEELING THAT "LOCATION SUPPORTS IDENTIFYING THE RIGHT TYPE OF LABOUR NEEDED FOR THE BUSINESS"



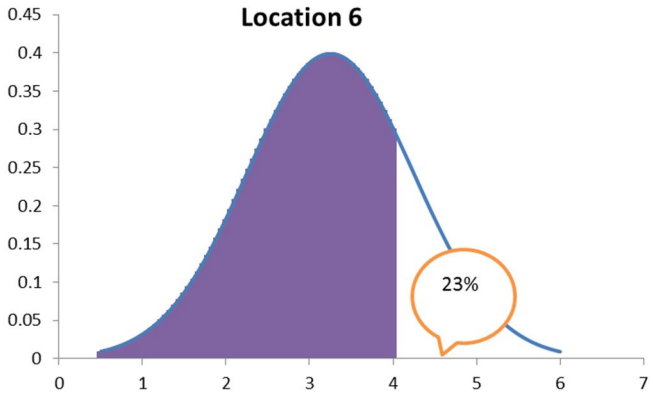
Again for the same reasons discussed under Chart 5.17, it is primarily in the manufacturing sector, the importance of all types of labour would be felt in comparison to other sectors. In the trading and service sectors, there would be greater need for semi-skilled and skilled labourers if at all needed. Considering that only 45 per cent see the importance of location in connection with labour, one tends to infer that probably location is viewed more as a factor for nearness to markets and customers and to save costs, rather than for the ability to procure material and labour. It may be worthwhile to sensitise entrepreneurs to understand that location should be viewed from the point of view of all facets of business – production, purchases and marketing.

CHART 5.19
FEELING THAT "LOCATION GIVES PRESTIGE TO THE BUSINESS"



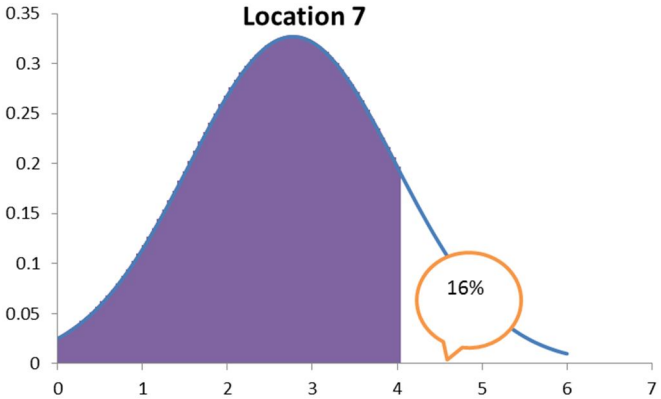
Only 36 per cent believe that location gives prestige to the business. This can be inferred to indicate that entrepreneurs do understand that only where customers walk in and have to be serviced in the business location, the location by itself can give prestige. Where it is a manufacturing centre or a trading centre for warehousing and movement, the location by itself does not determine the prestige. The MSME entrepreneurs seem to have understood this quite well going by Chart 5.19.

CHART 5.20
FEELING THAT "ONE SHOULDN'T INVEST A HIGH AMOUNT IN THE LOCATION OF BUSINESS"



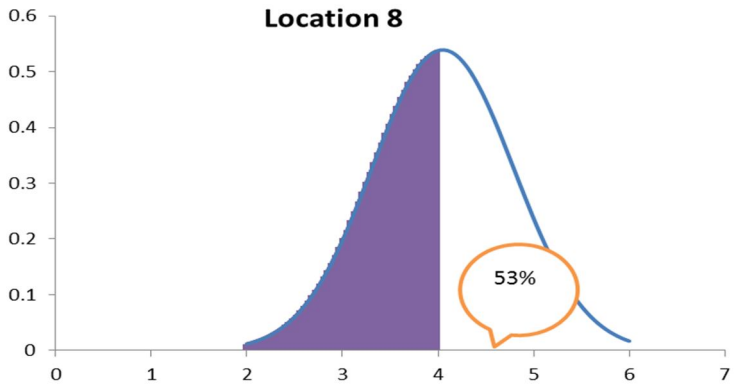
Only 23 per cent feel that one shouldn't invest a high amount in the location of the business while a substantial 77 per cent believe that high investments in the location is worth it. This requires a little more of understanding to see where this feeling emanates from. If it is from the belief that one should invest in the location as it plays a significant role, should the funds position of the organisation allow it, then that is absolutely fine; so is the idea to ensure that the location is made a comfortable place to work in for the staff and workers and if the customers visit, a neat and inviting place for them to visit. However, depending on the financials of the business, the entrepreneurs should be sensitive to 'buy or lease' decisions on the location and how this ties into the other factors associated with the business requirements.

CHART 5.21
FEELING THAT "LOCATION DOESN'T MATTER; CHEAP LAND WITH WIDE AREA IS GENERALLY ENOUGH"



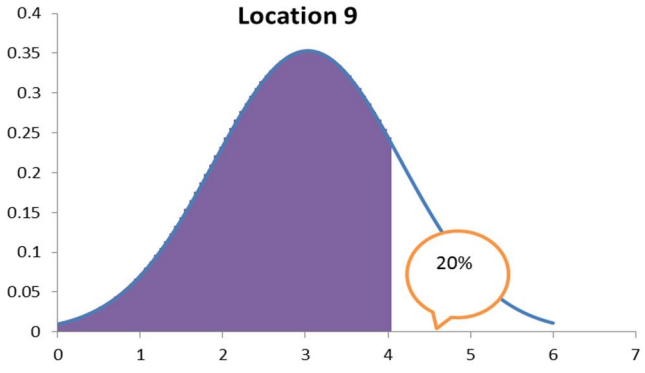
Only 16 per cent believe that cheap land with wide area is sufficient and not too much of emphasis needs to be given to the location while a good 84 per cent believe that location matters; this validates the earlier statement on the substantial set of entrepreneurs agreeing that location plays a significant role in the business.

CHART 5.22
FEELING THAT "FUTURE EXPANSION IS TO BE CONSIDERED WHIILE SELECTING LOCATION OF THE BUSINESS"



There seems to be an equal split in this perception. There are roughly half the entrepreneurs who believe that future expansion should be considered while the other half doesn't think so. This could be to do with the nature of the business. A word of caution here is for the entrepreneurs to think upfront a little strategically on the possible expansion and the demands it may have on the location so that there is no repetitive costs incurred in relocating the business or in having multiple locations losing economies of scale.

CHART 5.23
FEELING THAT "LOCATION IS IMMATERIAL; MAINTAINING PRODUCT QUALITY IS SUFFICIENT"

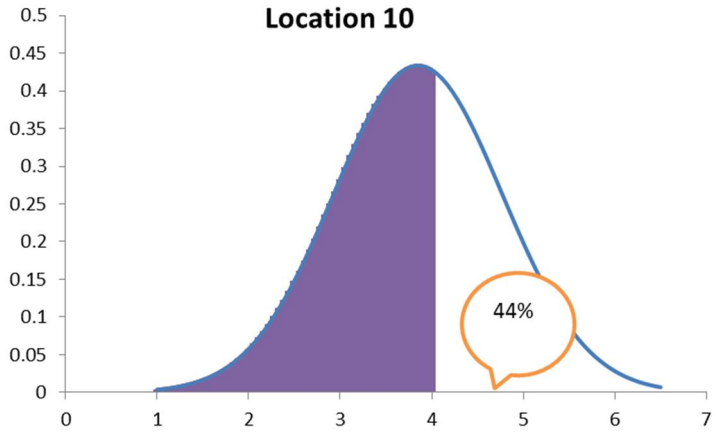


Further revalidating the belief in the entrepreneurs' understanding of the importance of the location, only 20 per cent believe that good product quality will be able to handle the shortcomings in the location of the business while 80 per cent think that irrespective of product quality, location is also material.

This can be viewed from other dimensions. For entrepreneurs who are into manufacturing, nearness to raw materials and labour is also important and product quality doesn't take care of this aspect. For entrepreneurs who are in the business of trading, nearness to markets and transport facilities are important and product quality doesn't take care of this. For entrepreneurs who are in service business, nearness to customers is important though product/ service quality has to be maintained anyway.

Effectively, entrepreneurs do understand that while product quality has to be maintained for customer delight, location also plays a substantial role in the sustainability of the business.

CHART 5.24
FEELING THAT "ACCESS TO CITY LIMITS IS IMPORTANT FOR THE BUSINESS"



Only 44 per cent believe access to city limits is important for their business while 56 per cent don't think so. Where the entrepreneur is primarily involved in manufacturing, the location may even be out of city limits. In the case of trading, where there is primarily warehousing and wholesale activity,

city limits would not be a mandatory factor while if the trading involves showroom space and retail trading, access to city limits is quite an advantage. For service businesses, being within city limits would provide a significant advantage too.

5.2.4 Manpower dimension of the business

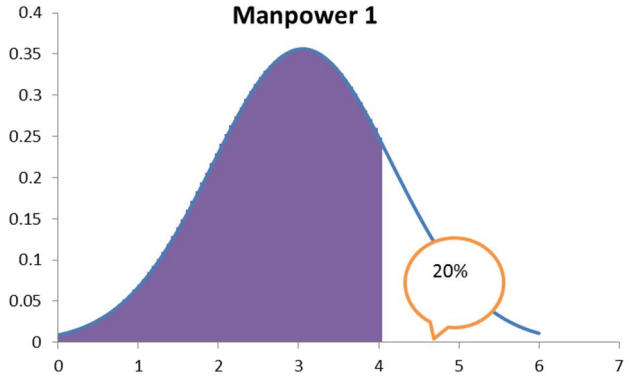
TABLE 5.4
DESCRIPTIVE FEELING ABOUT MANPOWER ASSOCIATED WITH THE BUSINESS

Sl.No	Particulars	Mean	SD	(z) =L 4	Population	
	Labour				**> Lev 4**	**< Lev 4**
1	Cheap labour is available	3.05	1.12	0.85	20%	80%
2	Skilled labour is available	3.47	1.01	0.52	30%	70%
3	People management knowledge is a major factor for success in business	4.36	0.77	-0.47	68%	32%
4	All recruited labour require full-fledged training	4.13	0.72	-0.18	57%	43%
5	Training labour involves high costs	3.62	1.08	0.35	36%	64%
6	Labour migration affects the business substantially	3.96	0.82	0.05	48%	52%
7	My labour is very supportive & trust worthy	3.87	0.83	0.16	44%	56%
8	Tackling labour is quite easy	3.10	1.17	0.77	22%	78%

The range of mean varies from a relatively high 4.36 (where the entrepreneurs agree that people management knowledge is a major factor for success in business) to a relatively low 3.05 (where the entrepreneurs thereby indicate that cheap labour is not available). The need of different categories of labour would vary amongst the manufacturing, trading and service sectors and this may be borne as a backdrop while going through the various analysis done

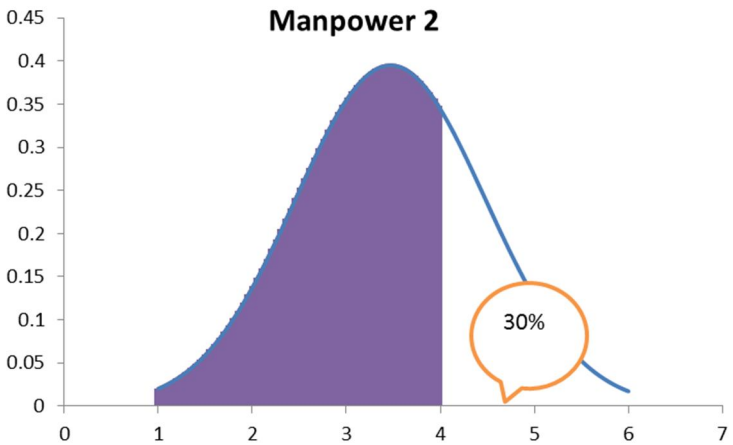
of the individual statements relating to the availability, use and other aspects related to manpower.

CHART 5.25
FEELING THAT "CHEAP LABOUR IS AVAILABLE"



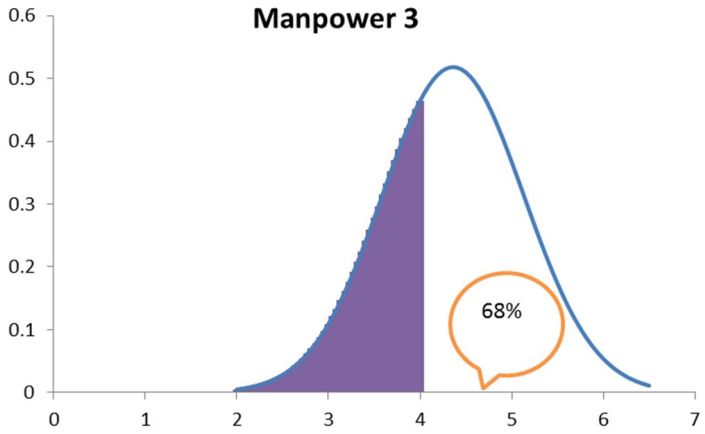
Only 20 per cent of the entrepreneurs believe cheap labour is available while 80 per cent don't think so. This may mean that generally labour is not available at all or labour is available but at higher than nominal rates. All three types of industries depend on people for their survival and growth and hence it is important for entrepreneurs to ensure that they have suitably planned for recruiting and retaining labour needed for their enterprise. Only this can ensure continuity and growth of the organisation. If cheap labour is not available, it must be ensured that the costing of the product or service suitably takes care of the market rate to be paid to the labour to avoid under recovery of labour costs.

CHART 5.26
FEELING THAT "SKILLED LABOUR IS AVAILABLE"



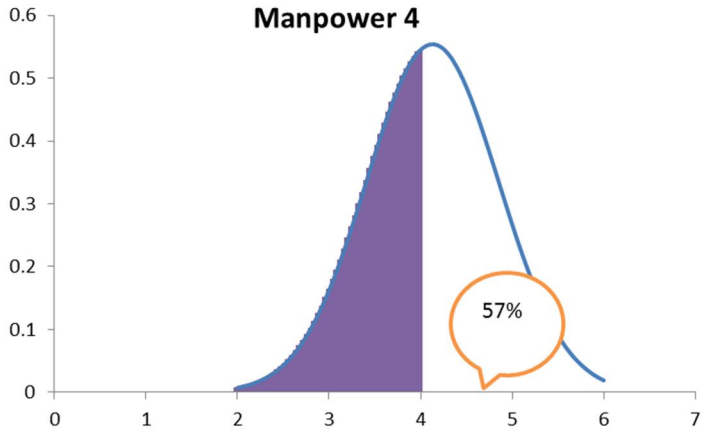
While 30 per cent believe skilled labour for their industry is available, 70 per cent feel the insufficiency of skilled labour. This may mean that either labour is available but they are not skilled and sufficient time and resources have to be spent in training them to be skilled or the labour that is available is not capable of being skilled to the requisite extent. However, entrepreneurs must factor the level of skill that is required in their businesses and plan to ensure recruitment of the requisite skilled labour or train the labour recruited to the requisite degree of skill. The sustainability of the business hinges on this skill development as that would directly have a bearing on the product sold or the service rendered to the ultimate customer.

CHART 5.27
FEELING THAT "PEOPLE MANAGEMENT KNOWLEDGE IS A MAJOR FACTOR FOR SUCCESS IN BUSINESS"



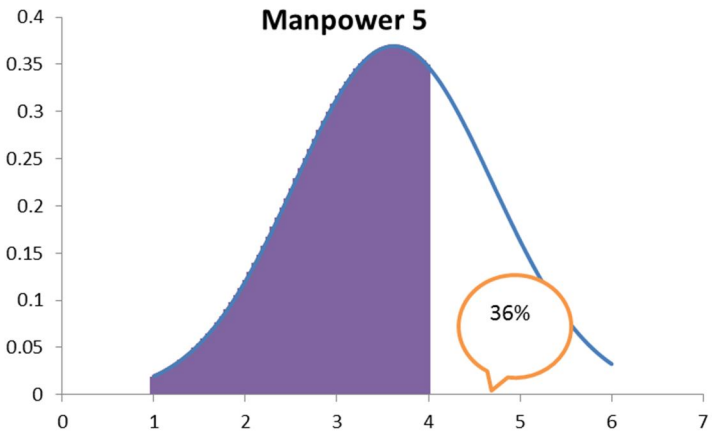
68 per cent of the entrepreneurs see the importance of people management to succeed in their business while only 32 per cent do not see this as a major factor. The latter may not see it as a limitation if they are not too dependent on manpower and can manage the show with a very small team. However, most of the entrepreneurs would need manpower at various levels to sustain and grow the business. Interestingly, the standard deviation from the mean at 0.77 is one of the lowest amongst the various descriptive statements given to the entrepreneurs.

CHART 5.28
FEELING THAT "ALL RECRUITED LABOUR REQUIRES FULL-FLEDGED TRAINING"



57 per cent of the entrepreneurs understand the need for full-fledged training for the manpower recruited. 43 per cent don't think so. This may be due to the fact that their businesses may not require substantial training or the entrepreneurs may themselves believe that the employees will learn on the job over time. Either way, it would be good for the entrepreneurs to understand the importance of training, however simple or quick it may be and ensure that all recruited manpower is given suitable orientation in the first few days of joining the organisation. Whether the entrepreneur himself will take that responsibility or he may be able to entrust it to a trustworthy colleague depends on the business maturity stage.

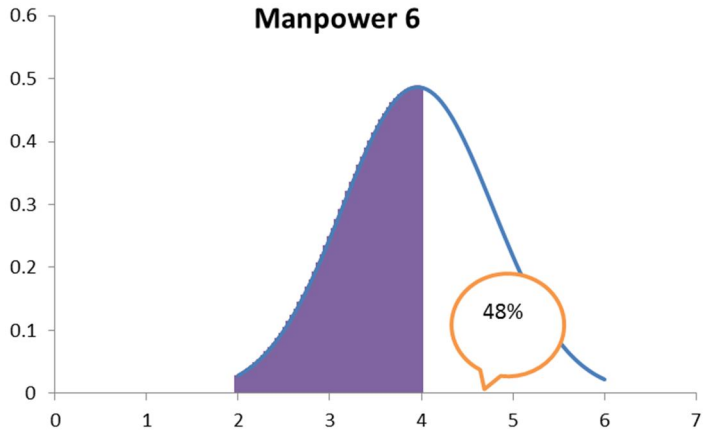
CHART 5.29
FEELING THAT "TRAINING LABOUR INVOLVES HIGH COSTS"



While the entrepreneurs substantially agree that all recruited labour require full-fledged training, it is interesting to note that 64 per cent do not think training involves high costs. Only 36 per cent feel training involves high costs. These leads one to believe that most of the entrepreneurs do not have a thought out training mechanism and rely on the new comers to learn on their own and may focus only on learning the particular skill required for the job at hand rather than an overall understanding of the enterprise's expectation and culture.

It would do well for the entrepreneurs to take note of the fact that it is well worth spending time and energy on orienting and training the manpower for long term benefits. This alone would create a more productive and motivated workforce which in turn will lead to the sustainability of the enterprise.

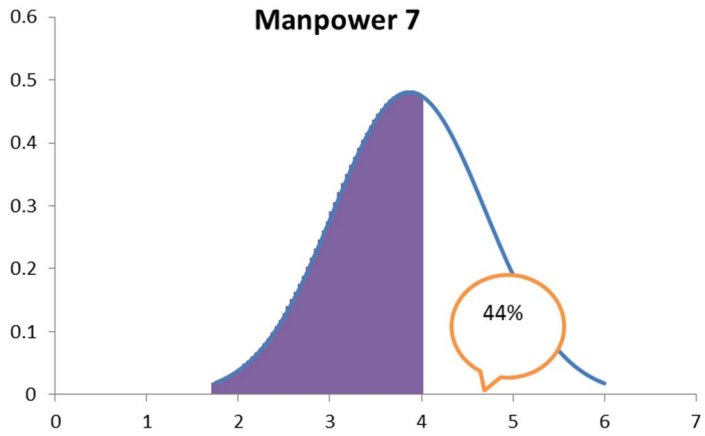
CHART 5.30
FEELING THAT "LABOUR MIGRATION AFFECTS THE BUSINESS SUBSTANTIALLY"



On how labour migration affects business, the entrepreneurs seem to be roughly equally divided with 48 per cent feeling that it does affect business while 52 per cent feel it doesn't. Where businesses face high labour attrition or there is a possibility of labour being taken over for small increase in wage levels by neighbouring enterprises, the danger is higher than where such alternate employment opportunities do not exist much. It is important for the

entrepreneurs to understand the labour attrition rates and the reasons behind the same to see if they are due to issues that can be addressed. Ignoring the insights that could possibly be gained by understanding the reasons for labour attrition would be at the enterprises' own peril in the long run. In smaller organisations, the grapevine and informal communication may be sufficient sources to gather these insights.

CHART 5.31
FEELING THAT "LABOUR IS VERY SUPPORTIVE AND TRUST WORTHY"

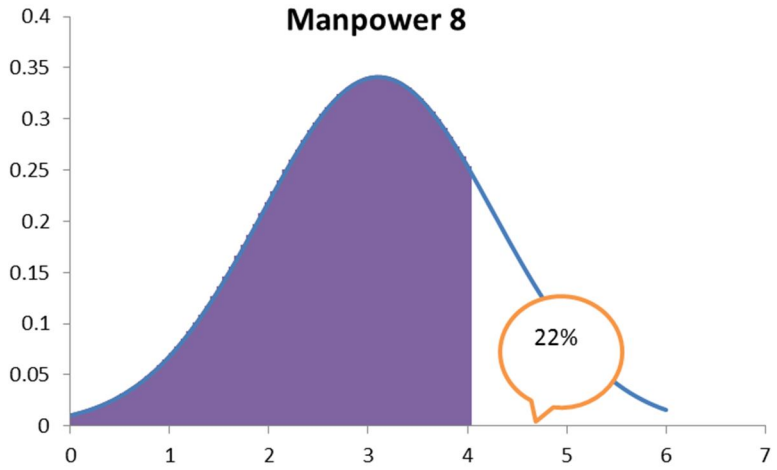


While 44 per cent of the entrepreneurs agree that their manpower is supportive and trustworthy, about 56 per cent think otherwise. Earning the support and trust of the people working in the organisation is very important and one is bound to infer that more effort has to be put in by the entrepreneurs to ensure that they come up with initiatives to take care of their staff and labour. While 68 per cent agree (Chart 5.27) that people management skills are very important in growing the business, only 44 per cent are confident about the trust that their staff place on them. This shows that the entrepreneurs may be more involved in managing the operations and customer dimensions of the business than they are able to spend with their own teams.

It is important for the MSME entrepreneurs of Madurai to focus more on developing their manpower and investing specific time with them to ensure their support and trust over time. This is a crucial factor for the sustainability

and growth of an enterprise, more so, in the small and medium sectors where there would be few people on whom the entrepreneur and his business growth are heavily dependent on.

CHART 5.32
FEELING THAT "TACKLING LABOUR IS QUITE EASY"



Only 22 per cent are confident of tackling their manpower while a substantial 78 per cent are not comfortable with tackling their manpower. This was also indicated in Chart 5.27, where entrepreneurs had clearly voiced the importance of people management knowledge as a factor for success in business. That 78 per cent of the entrepreneurs find tackling their labour a little difficult is not a comforting sign for the sustainability of entrepreneurship.

The possible reasons could be lack of understanding of organisation behaviour and processes, lack of guidance and support in understanding the issues due to partial or lack of information through formal and informal communication channels, lack of the appropriate temperament in handling manpower, lack of a sounding board to check out on alternate solutions, lack of time to give the appropriate time required for the manpower in the organisation, lack of clarity about the goals, vision and future of the enterprise and lack of the appropriate attitude, adequacy and awareness in handling people.

It is important that entrepreneurs form self-help equivalent groups to learn from their common experiences and become comfortable handling themselves and their labour in the process. This is a major aspect that needs to be considered to ensure sustainability of entrepreneurship. Just as financial discipline and its nuances are important for the survival and growth of the business, understanding of people management and dealing with people on a day to day basis is equally important for an entrepreneur – no matter whether there are a handful of people or a whole team of staff employed in the organisation.

One of the reasons why many entrepreneurial ventures falter along the way is because the manpower is not adequately prepared to handle the growth of the business or the changes in the business cycle. This understanding will have to start at the top where the entrepreneur has a clear vision for the future and is able to articulate his vision to his staff, thereby clarifying the mission of the organisation. The staff need to understand the future potential of the business which alone will enable them be committed to the cause of the organisation.

The entrepreneurs will have to develop an appropriate temperament to handle manpower. They need to know the way in which the formal and informal communication channels in an organisation can be used. Only then will this determinant of entrepreneurship truly be an enabling and supporting factor in the sustainability of the business.

5.2.5 Marketing Dimension of the Business

TABLE 5.5
DESCRIPTIVE FEELING ABOUT THE MARKETING DIMENSION OF THE BUSINESS

Sl.No	Particulars	Mean	SD	(z) =L 4	Population	
	Marketing				**> Lev 4**	**< Lev 4**
1	Marketing my products/ services is easy	3.22	1.03	0.76	22%	78%
2	Need to know more about marketing function	4.04	1.04	-0.04	52%	48%
3	Schemes/ offers are necessary to push our products	3.37	1.11	0.57	29%	71%
4	Massive advertisement is necessary even if good quality is maintained	3.62	1.00	0.38	35%	65%
5	Market expects brand value	4.18	0.78	-0.23	59%	41%
6	Market expects variety	4.05	1.04	-0.05	52%	48%
7	There is huge competition from large scale organisations and MNCs in local markets	3.69	1.00	0.31	38%	62%
8	Due to failure in marketing, many small scale industries have given their space on rent or lease to large operators	3.71	0.81	0.36	36%	64%
9	My marketing strategy is excellent	3.32	0.81	0.84	20%	80%
10	Sales personnel problems affect marketing	3.67	0.90	0.37	36%	64%
11	Special market for SME products is needed	3.71	1.05	0.28	39%	61%
12	Retail/ rural/ online marketing by large scale organisations and MNCs should be controlled for the survival of and to rejuvenate the SMEs	3.45	1.00	0.55	29%	71%

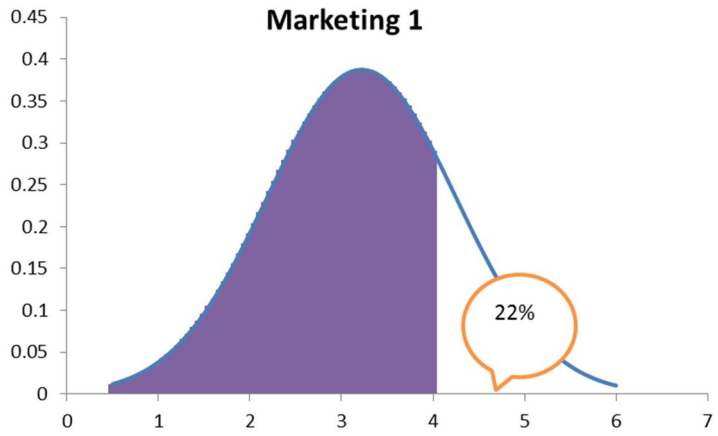
The range of statements varies from a highest mean of 4.18 for the statement that ‘Market expects brand value’ to the lowest mean of 3.22 in the group for the statement that ‘Marketing my products/ services is easy’. It is to be borne as a backdrop that the approach of entrepreneurs to marketing may widely vary from one to the other. Where in family business, the said

entrepreneur may or may not be completely responsible for marketing and hence his exposure could be limited. Where the entrepreneur is traditionally in a sellers' market, the marketing efforts could be limited based on the current business environment.

Where the product/ service is niche, the marketing needs could be pretty different from where the product/ service is in a highly competitive space. The entrepreneur himself in many cases could be handling the markets and customers directly with a substantial time of his spent on that. The age of the organisation and the time of establishment may have a bearing on the relative market share and hence in turn the marketing efforts.

These are of course only an illustrative list of points and there may be many more that could dictate the marketing needs of the MSME enterprise. With this in context, each of the statements are analysed based on the entrepreneurs perceptions of those factors.

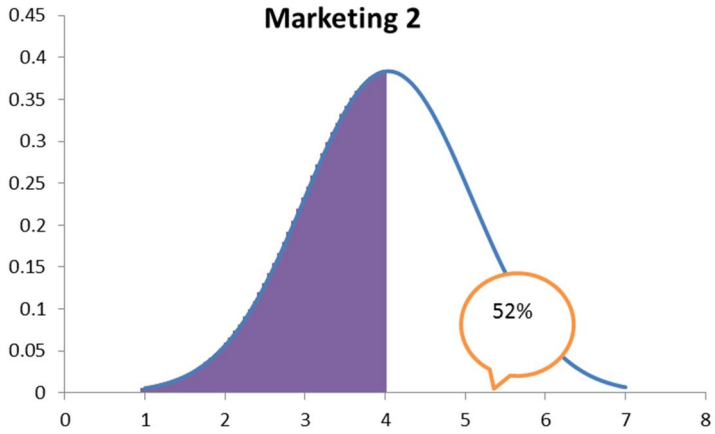
CHART 5.33
FEELING THAT "MARKETING MY PRODUCTS/ SERVICES IS EASY"



78 per cent of the entrepreneurs feel that marketing of their products/ services is not easy. Generally, with the kind of choices that customer has in today's environment, it is quite understandable that marketing function has to be given a lot of importance and newer and updated techniques of marketing

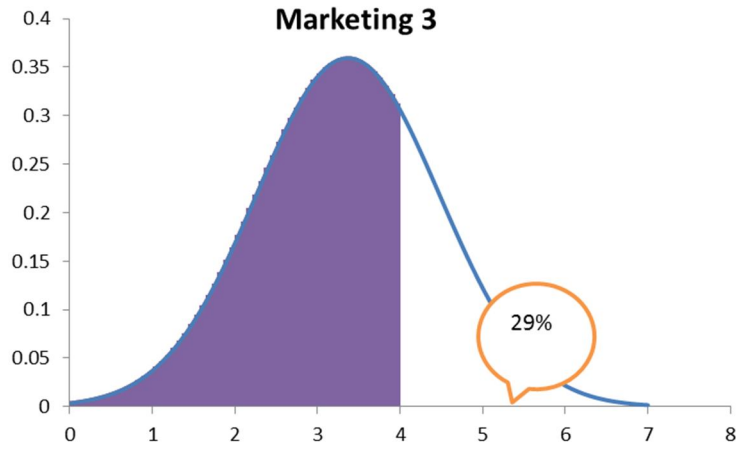
will have to be used. Also, the entrepreneurs may not be clearly aware of the nuanced differences between selling and marketing which could be an area where greater awareness is needed to fill the gap in understanding and application.

CHART 5.34
FEELING THAT "THERE IS A NEED TO KNOW MORE ABOUT THE MARKETING FUNCTION"



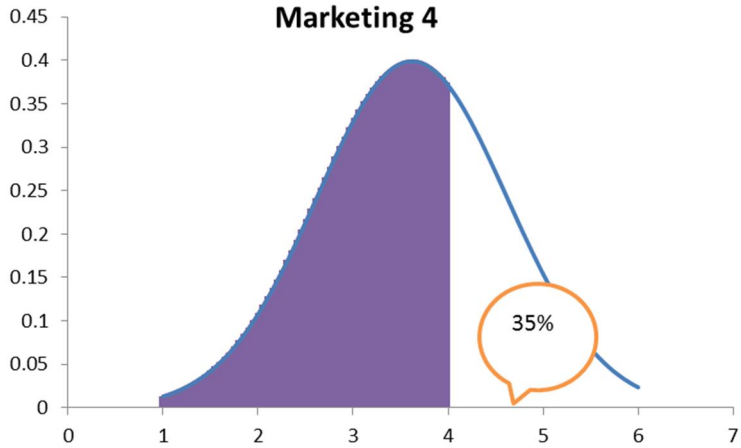
While 78 per cent of the entrepreneurs believe that marketing their products/ services is not easy, it is a little intriguing to note that only about 52 per cent feel the need to know more about the marketing function. This leads one to infer that the entrepreneurs may not have a full understanding of the depth of the marketing function, the possibilities it holds out and the nuances that can make a difference to the business. It is important to understand the difference from the 'selling' function. There is a gap here even in the understanding of the entrepreneurs and it is important that they get a better appreciation of the range of marketing function to support the sustainability of their business plan over time.

CHART 5.35
FEELING THAT "SCHEMES/OFFERS ARE NECESSARY TO PUSH PRODUCTS"



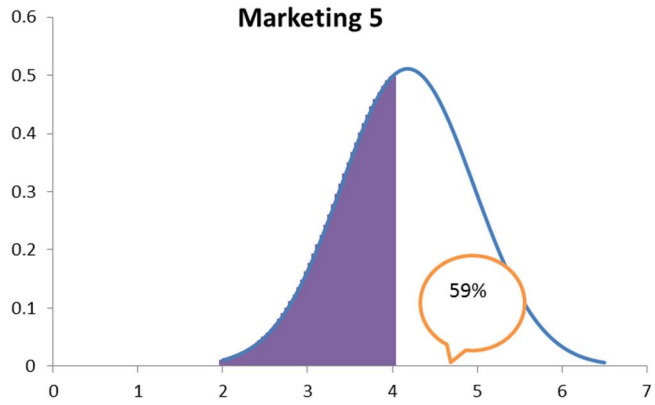
It is reassuring to note that the MSME entrepreneurs in Madurai are not dependent on schemes and offers alone to push their products/ services. 71 per cent clearly indicates a healthy trend of entrepreneurs who believe in their products and their business potential rather than relying on short term selling methods to move their products or gain clientele. Of course, schemes and offers do have their place in a marketing strategy and it would be good to use them appropriately.

CHART 5.36
FEELING THAT "MASSIVE ADVERTISEMENT IS NECESSARY EVEN IF GOOD QUALITY IS MAINTAINED"



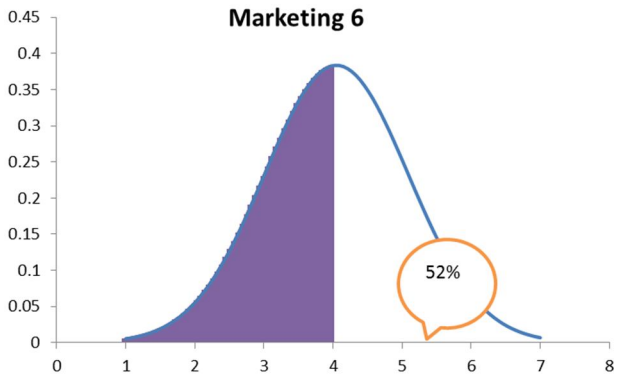
Again, while entrepreneurs understand the importance of advertisement, that massive advertisement is needed all the time is not subscribed to by 65 per cent of the entrepreneurs. Of course, depending on the line of business and whether it is B2B or B2C, the requirements could be different, but a generalized feel is that while advertisement is appreciated and recognized for what it can contribute, it is not relied on unduly, which is a healthy factor in the sustainability of entrepreneurship.

CHART 5.37
FEELING THAT "MARKET EXPECTS BRAND VALUE"



This statement has the highest mean amongst the marketing statements with a very low standard deviation and 59 per cent feel that the market expects brand value. In today's environment, it is positive for the entrepreneurs to realize that brand equity has to be built over time and that has a value of its own which will stand the test of time and ensure sustainability and growth of the business. What is important, however, is to understand the marketing function better to realize how brand equity can be built for the particular kind of business one is in. Once the initial stage of the business is taken care of, it would be important for the entrepreneur to focus on building his brand.

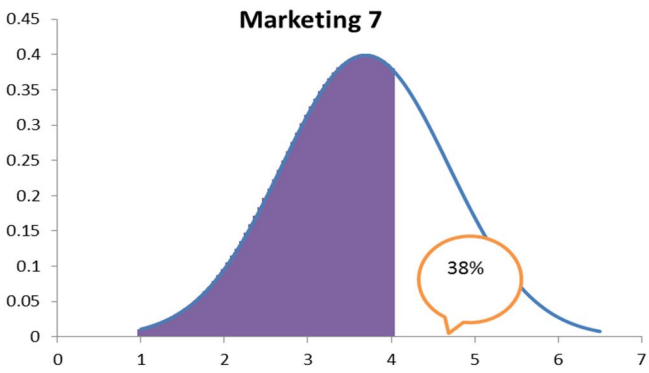
CHART 5.38
FEELING THAT "MARKET EXPECTS VARIETY"



Almost 52 per cent of the entrepreneurs understand the importance of variety. Today, the customer is much more demanding and has a wider choice. It is important for the entrepreneurs to be aware of this and build it into their marketing strategy to ensure sustainability of their business. This may well depend on the type of business, but there is always a need to innovate, customize and offer variety to the customer on an ongoing basis.

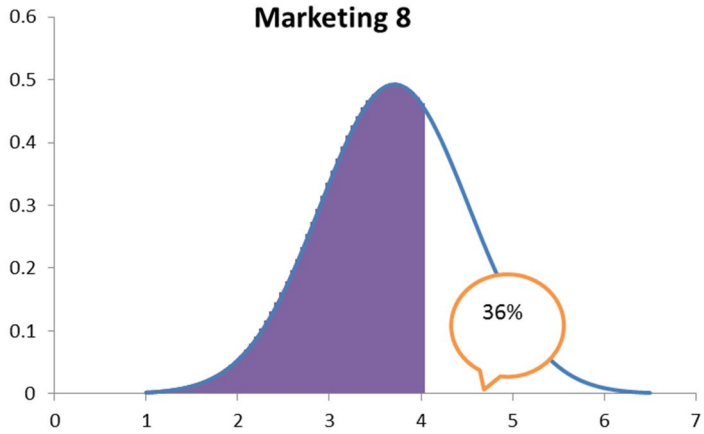
In fact, this has become one of the major challenges for the small scale entrepreneur as he has to manage economies of scale on a variety of offerings that he can provide to the customer. This is more so with virtual marketing becoming more prevalent and the customers' ability to check on variety having become very simple through the internet. The customer will only become more demanding in the days to come on the variety that he expects in products and the customization of services.

CHART 5.39
FEELING THAT "THERE IS HUGE COMPETITION FROM LARGE SCALE ORGANISATIONS AND MNCS IN LOCAL MARKETS"



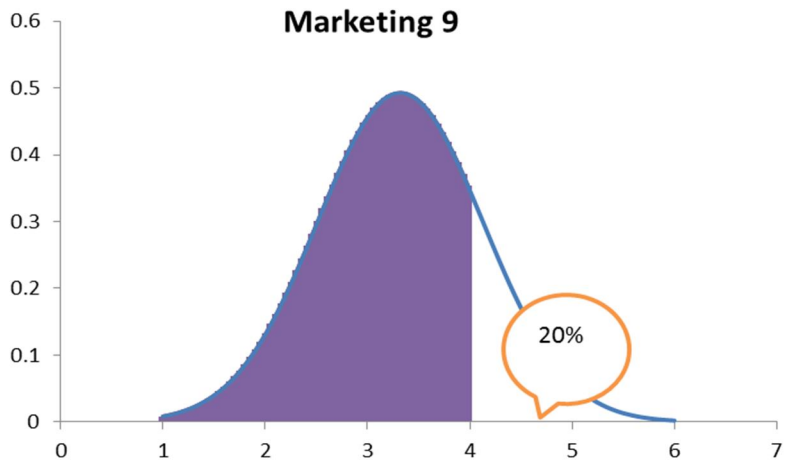
Only 38 per cent of the entrepreneurs feel that there is huge competition from large scale organisations and MNCs in local markets. If they have read their markets right, this is a very positive signal of confidence sent by the entrepreneurs – either they are confident of taking on competition or they are so sure about their fields of operation, they don't perceive competition. A word of caution would be for the entrepreneurs to constantly evaluate the competitive scene to be proactive and maintain the sustainability of their enterprises.

CHART 5.40
FEELING THAT "DUE TO FAILURE IN MARKETING, MANY SMALL SCALE INDSUTRIES HAVE CLOSED DOWN"



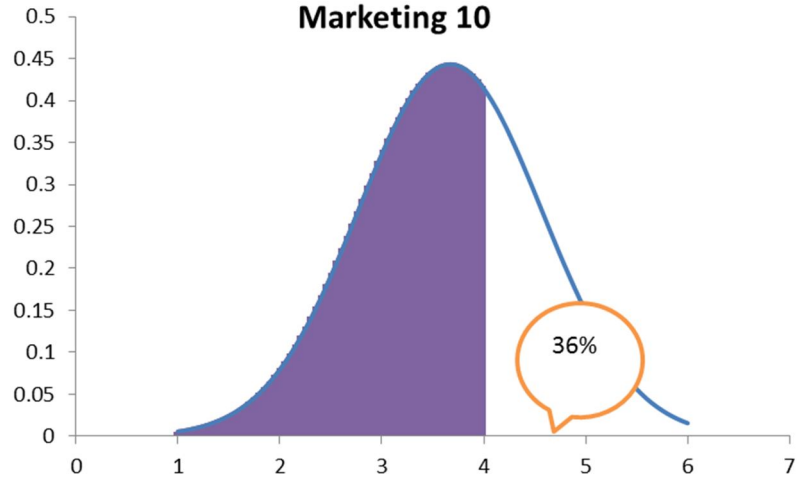
Adding strength to the inferences so far, again 64 per cent of the entrepreneurs do not think that small scale industries have been forced to give up their space on rental or lease to large operators. This is again indicative of the entrepreneur's confidence in his sustainability and that he hasn't seen threats to his business because of larger players entering the competitive landscape.

CHART 5.41
FEELING THAT "MY MARKETING STRATEGY IS EXCELLENT"



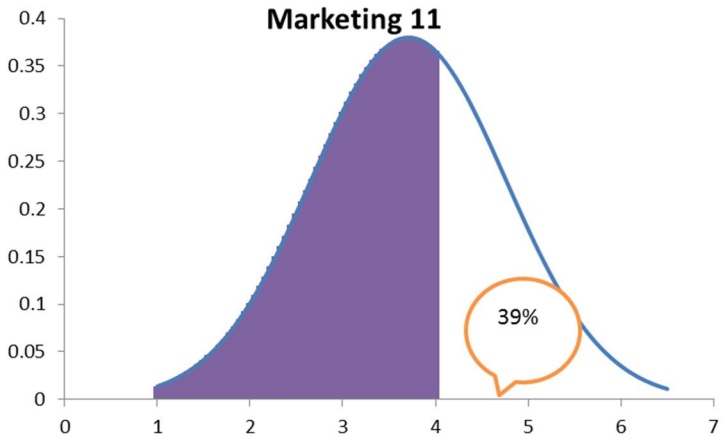
Only 20 per cent of the entrepreneurs believe that their marketing strategy is excellent. While they should also be conscious to reinvent their strategies regularly, it is important to note that 80 per cent of the entrepreneurs do not have a great marketing strategy in place. This is a huge gap when looked at from the sustainability of businesses over time. It is important to have a road map for the future not only for the sake of the enterprise, but also to share with the manpower involved and talk to the customers about how they would be taken care of in the future too. This may require specific attention to be handled.

CHART 5.42
FEELING THAT "SALES PERSONNEL PROBLEMS AFFECT MARKETING"



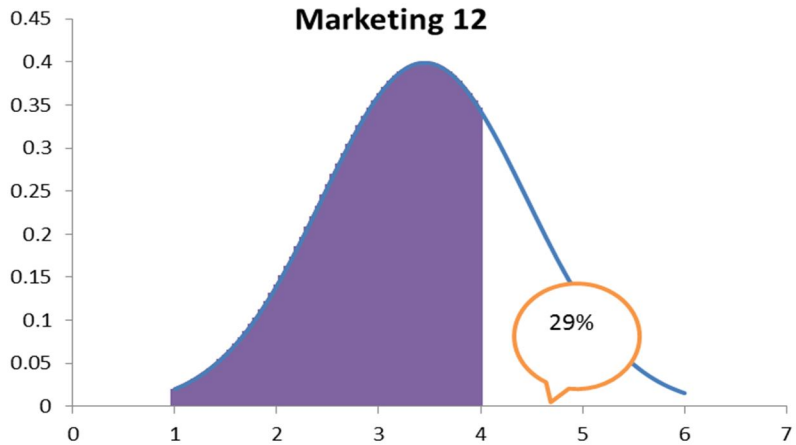
About 36 per cent of the entrepreneurs feel that the problems of sales personnel affect their marketing while 64 per cent don't think so. This could either mean that the entrepreneurs are able to handle a small group of sales personnel well or take it on themselves to handle the marketing function end to end.

CHART 5.43
FEELING THAT "SPECIAL MARKET FOR MSME PRODUCTS IS NEEDED"



Only 39 per cent of the entrepreneurs believe that special markets for SME products are needed while the bulk of them at 61 per cent don't perceive their need. This corroborates with the earlier statements where the entrepreneurs come across as confident about their products/ services.

CHART 5.44
FEELING THAT "RETAIL/ RURAL/ ONLINE MARKETING BY LARGE SCALE ORGANISATIONS MUST BE CONTROLLED FOR THE SURVIVAL AND REJUVENATION OF MSME"



71 per cent of the entrepreneurs do not think that additional support needs to be extended to the SMEs to compete with the retail/ online marketing by large scale organisations. This is again a comment on the self-confidence exhibited by the Madurai based MSME entrepreneurs who seem to believe there is already a level playing field. They don't seem to be expecting any additional benefits to be doled out for their survival or rejuvenation. This is indeed a very heartening and reassuring conclusion that entrepreneurs in Madurai are not on the defensive and would give their best to ensure that they survive and grow in the years to come.

5.3 ANALYSIS OF DRIVING DETERMINANTS

This section deals with three determinants that drive the entrepreneur in sustaining his business- the entrepreneurs' accessibility to various business factors, the social acceptance for the entrepreneur and his perception of the same, the motivational factors which keep the entrepreneur going forward in his quest for excellence.

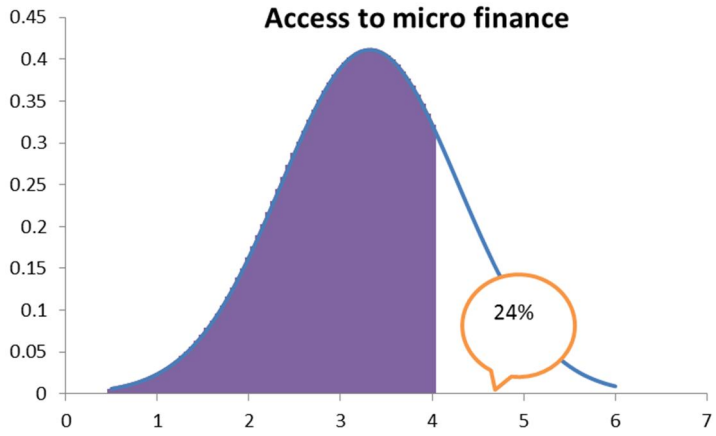
5.3.1 Accessibility Factors as Determinants of Entrepreneurship

TABLE 5.6
DESCRIPTIVE FEELING ABOUT ACCESSIBILITY FACTORS RELATED TO BUSINESS

Sl.No	Particulars	Mean	SD	(z) = L4	Population	
	Accessibility			**4**	**> Lev 4**	**< Lev 4**
1	I have financial access to micro finance and other lending institutions	3.32	0.97	0.70	24%	76%
2	I have an access to information to exploit business opportunities.	3.63	0.94	0.39	35%	65%
3	I have access to adequate infrastructure	3.59	1.08	0.38	35%	65%
4	I have access to necessary technology.	3.73	1.05	0.26	40%	60%
5	I have access to varied business training.	3.78	1.03	0.21	42%	58%
6	I have access to market for my products.	3.85	0.72	0.21	42%	58%
7	I have access to necessary raw materials	3.86	0.76	0.18	43%	57%

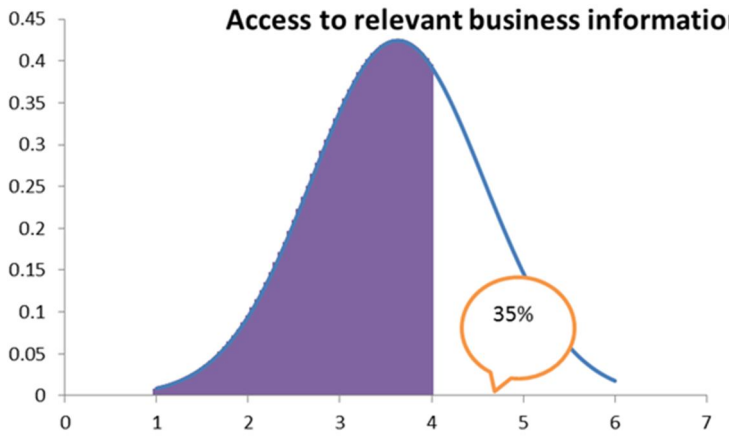
It is rather interesting to observe that all factors of accessibility have a mean within a very small range, the minimal being 3.32 for financial access and the maximum being 3.86 for access to raw materials.

CHART 5.45
FEELING THAT "THERE IS FINANCIAL ACCESS TO MICRO FINANCE AND OTHER LENDING INSTITUTIONS"



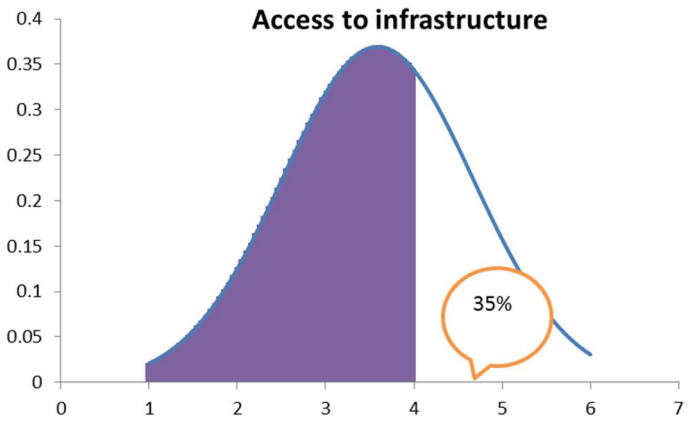
Entrepreneurs seem to have the maximum difficulty with access to micro finance as only 24 per cent have indicated their comfort with this. 76 per cent not feeling the comfort needs attention. Sensitising the entrepreneurs to avenues of finance and the operational procedures involved could be important for the sustainability of the MSME entrepreneurship sector in Madurai.

CHART 5.46
FEELING THAT "THERE IS ACCESS TO INFORMATION TO EXPLOIT BUSINESS OPPORTUNITIES"



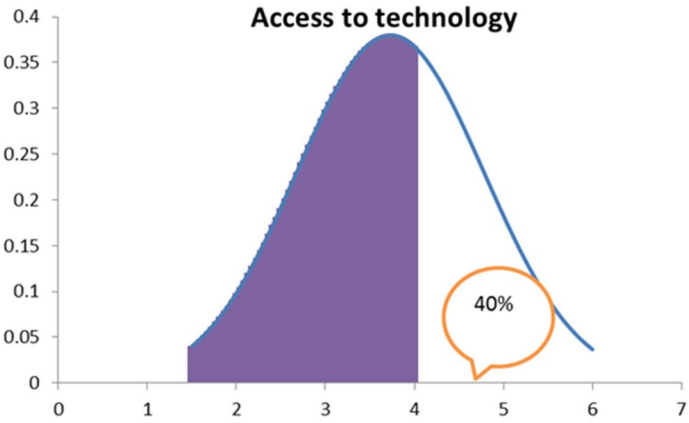
Only 35 per cent have the comfort of access to information to exploit business opportunities, which is not a very comfortable number in the increasingly connected world where information is power, more so, in the business world.

CHART 5.47
FEELING THAT "THERE IS ACCESS TO ADEQUATE INFRASTRUCTURE"



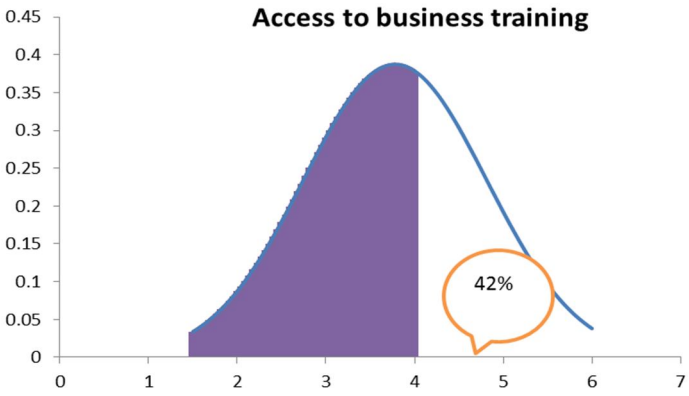
Again only 35 per cent of the entrepreneurs feel comfortable about their access to infrastructure, while just less than two thirds feel their access is not sufficient. It may be important to understand how the entrepreneurs gather information to exploit business opportunities in this dynamic environment and what their gaps in infrastructure are. Again, the entrepreneurs will have to help themselves out of this situation with peer support and building bridges with organisations that may be able to support them in these two areas.

CHART 5.48
FEELING THAT "THERE IS ACCESS TO TECHNOLOGY"



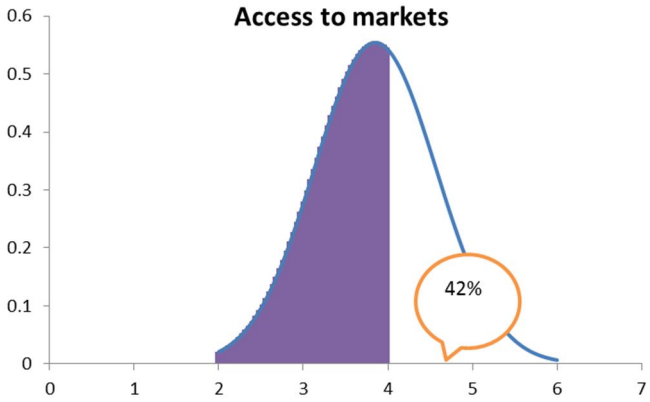
It is observed that about 40 per cent feel they have access to necessary technology, which means they are keeping abreast with how fast changing technology can support their business. It may also be so that not all of them have the access and wherewithal to keep themselves informed of how these changing factors can support their businesses which could be a lacuna with fast changing technology. To ensure that one is not outdated becomes crucial.

CHART 5.49
FEELING THAT "THERE IS ACCESS TO BUSINESS TRAINING"



There is reasonable comfort in comparison to the above on access to business training at 42 per cent. However, this is far from what would be necessary for the entrepreneurs to develop themselves and ensure sustainability of their businesses. This also ties in with the fact that in the earlier segment, the entrepreneurs had talked of a need for much improved exposure to manpower handling, marketing function etc.

CHART 5.50
FEELING THAT "THERE IS ACCESS TO MARKETS"



It is observed that of the lot, access to markets is more comfortable at 42 per cent and so is access to raw materials at 43 per cent as per Table 5.6. This could be to do with the locational advantages of the business enterprise even when they were commenced.

On the whole, the accessibility factors leave the impression that more work needs to be done in this area to ensure that there is greater support for the entrepreneurs to ensure accessibility to various factors listed above. Only then can the sustainability of the entrepreneurship environment be addressed.

5.3.2 Social Factors as Determinants of Entrepreneurship

TABLE 5.7
DESCRIPTIVE FEELING ABOUT SOCIAL FACTORS RELATED TO ENTREPRENEURSHIP

Sl.No	Particulars	Mean	SD	(z) = L4	Population	
	Social factors				**> Lev 4**	**< Lev 4**
1	I have good social acceptance as an entrepreneur	3.90	1.10	0.09	46%	54%
2	My employees' attitude towards my business is positive	3.90	0.97	0.10	46%	54%
3	I have a good network outside business also	3.77	1.02	0.23	41%	59%
4	I have no class biases or prejudices	3.78	0.87	0.25	40%	60%
5	I have a good network in my business circles	3.70	1.05	0.29	39%	61%
6	My product / service is accepted well by society	3.69	0.89	0.35	36%	64%
7	I am strongly influenced by our local culture	3.40	1.07	0.56	29%	71%
8	I have a good network with local administrative bodies/ policy makers	3.35	0.87	0.75	23%	77%
9	I have a gender bias	2.99	1.15	0.88	19%	81%

There are nine dimensions on which the social factors have been considered and each one is analysed for its impact as a determinant of entrepreneurship.

CHART 5.51
FEELING THAT "THERE IS GOOD SOCIAL ACCEPTANCE AS AN ENTREPRENEUR"

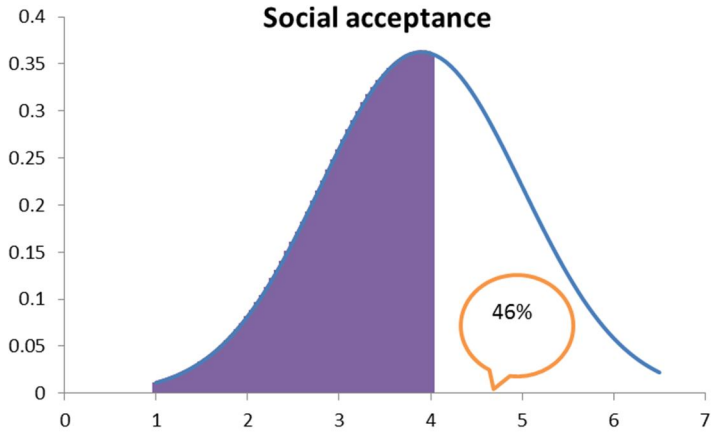


CHART 5.52
FEELING THAT "EMPLOYEES' ATTITUDE TOWARDS MY BUSINESS IS POSITIVE"



It is good to note that about 46 per cent feel that there is social acceptance as an entrepreneur and their employees' attitude towards the business is positive; however more than 50 per cent not feeling so indicates that there is cause for concern. Social acceptance for entrepreneurship and employees' looking up to the entrepreneurs are important driving factors for

the entrepreneur and there needs to be some thought given on how this can be improved.

Greater success in business and brand value creation are a must for social acceptance and employees' acceptance to happen over time. The entrepreneurs need to be cognizant of this and work towards that progressively.

CHART 5.53
FEELING THAT "I HAVE A GOOD NETWORK OUTSIDE BUSINESS ALSO"

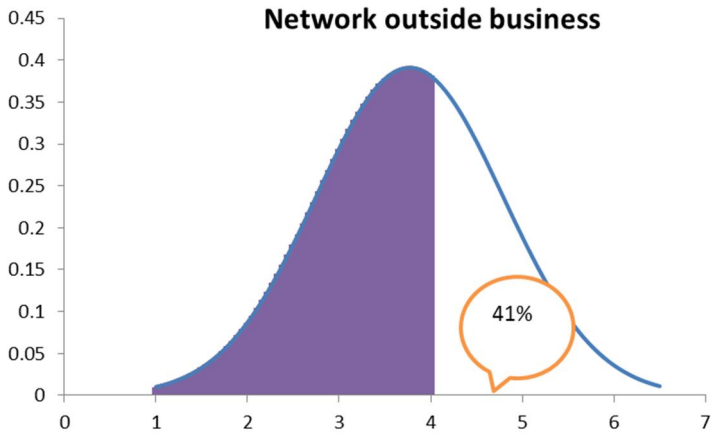
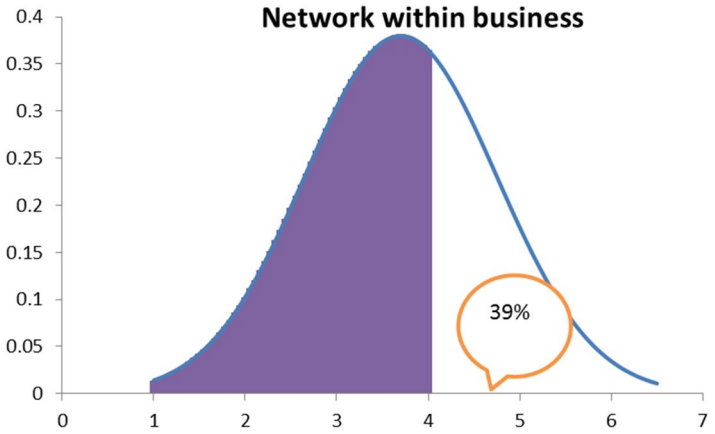
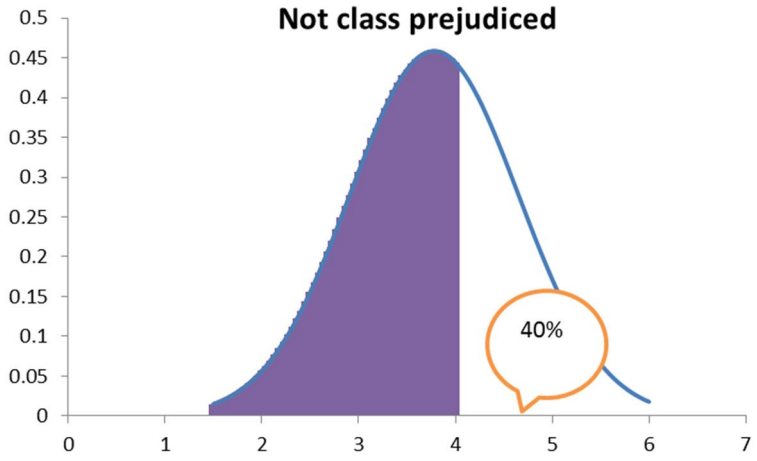


CHART 5.54
FEELING THAT "I HAVE A GOOD NETWORK IN MY BUSINESS CIRCLES"



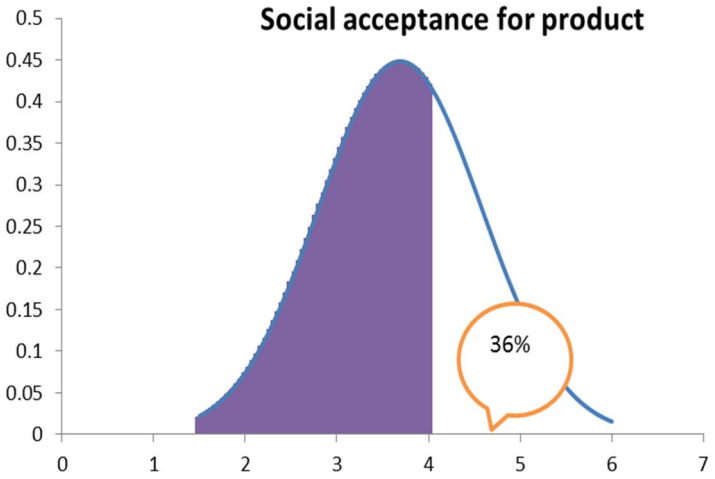
Only 41 per cent feel that they have a good network outside business and only 39 per cent feel that they have a good network within the business. Networking is extremely important for growth of the enterprise and this doesn't seem to be sufficient. More opportunities for networking within and outside the business circles will have to be created for entrepreneurs if they have to feel driven. In an increasingly connected world, networking can prove to be a major driving determinant of entrepreneurial sustainability and greater avenues for the Madurai district MSME entrepreneurs are needed for developing such network.

CHART 5.55
FEELING THAT "I HAVE NO CLASS BIASES OR PREJUDICES"



It is a little disturbing to note that only 40 per cent agree to be free of class biases and prejudices while 60 per cent continue to have them. Personal prejudices on the basis of any demarcation could prove to be a mental block for an entrepreneur and work ethics and performance capabilities alone should take precedence over all other factors when it comes to the business. Class prejudices may deter networking opportunities also.

CHART 5.56
FEELING THAT "MY PRODUCT/SERVICE IS ACCEPTED WELL BY SOCIETY"



Entrepreneurs feeling that their products or services have social acceptance is important for their drive in the business. Entrepreneurs who feel so are only 36 per cent which is not very positive in the larger picture. Reasons for this need to be known and addressed in the interest of the enterprises.

CHART 5.57
FEELING THAT "I AM STRONGLY INFLUENCED BY OUR LOCAL CULTURE"

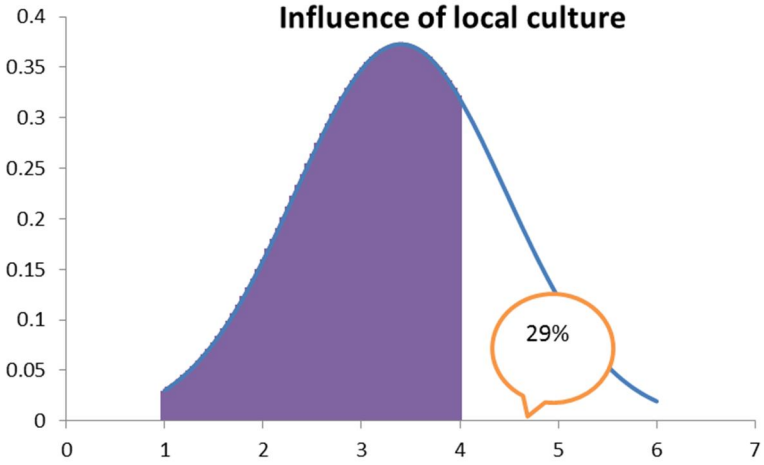
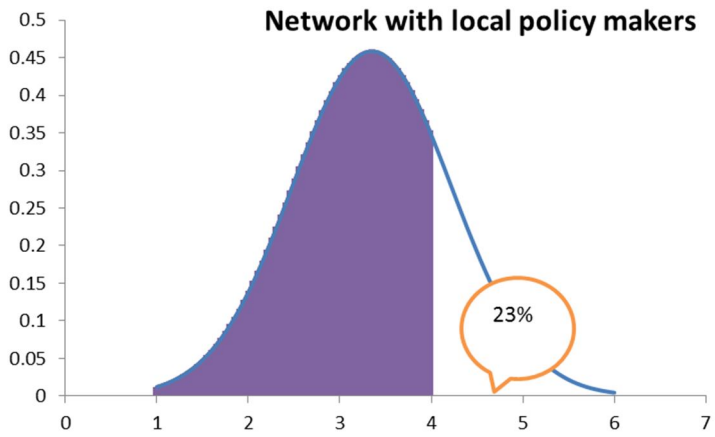
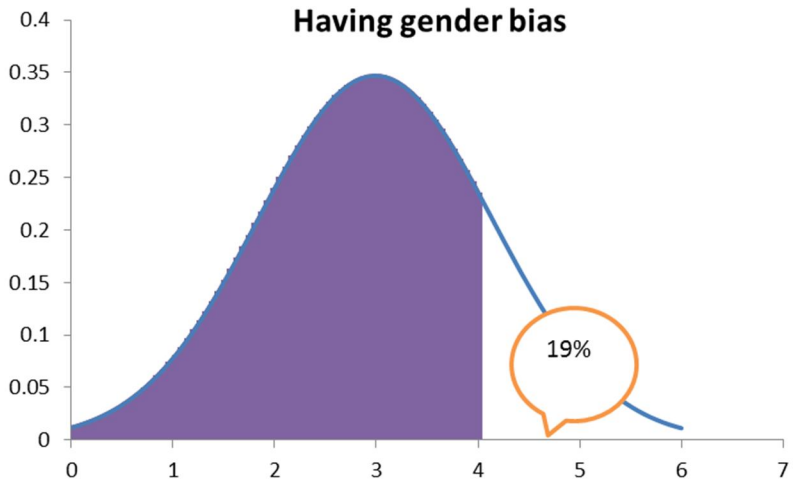


CHART 5.58
FEELING THAT "I HAVE A GOOD NETWORK WITH LOCAL ADMINISTRATIVE AUTHORITIES/ POLICY MAKERS"



Strong influence of local culture is important to serve the customers; however it is important to be open to external factors for learning; hence so long as there is openness to imbibe the best from other cultures also or adapt suitably to suit the local culture, being influenced by local culture can prove to be an advantage. However, only 23 per cent feeling that they have a good local network may leave the entrepreneurs disheartened when they need to express and resolve their concerns with local bodies.

CHART 5.59
FEELING THAT "I HAVE A GENDER BIAS"



It is gladdening to note that 81 per cent of the entrepreneurs are clear about not having a gender bias. This is sure to augur well in this age of gender sensitivity where a gender balance needs to be maintained as an attitude by the entrepreneur and also demonstrated in the business. This is all the more important when more women are entering the work force for different job roles and responsibilities. Being free from gender prejudices would help the entrepreneur look beyond this dimension in staffing his organisation based on the right competence levels rather than limiting his decisions based on gender.

On the whole, it may be noted that the social image of an MSME entrepreneur in Madurai needs attention and improvement. Social image is a major driving factor for sustainability of the entrepreneur as his motivation is directly and indirectly linked to this. If entrepreneurship is not looked upon by the society as a worthwhile pursuit adding to the socio-economic improvement of the region and looked at as only a risky venture, it may affect the spirit of an entrepreneur substantially. This would be more so when he goes through the down turn in his business cycle. Ways and means of improving the social image of an entrepreneur are to be thought of through ongoing measures by groups interested in promoting entrepreneurship in this region.

5.3.3 Motivational Factors as Determinants of Entrepreneurship

TABLE 5.8
DESCRIPTIVE FEELING ABOUT MOTIVATIONAL FACTORS FOR ENTREPRENEURSHIP

Sl.No	Particulars	Mean	SD	(z) = L4	Population	
	Motivational factors				**> Lev 4**	**< Lev 4**
1	To enjoy my work	4.40	0.61	-0.66	74%	26%
2	To be able to use my past experience and training	4.41	0.72	-0.57	72%	28%
3	To prove that 'I can do it'	4.39	0.71	-0.55	71%	29%
4	For my own satisfaction and growth	4.35	0.65	-0.54	70%	30%
5	To increase my income	4.22	0.92	-0.24	59%	41%
6	To provide employment opportunities to many others	4.16	0.74	-0.22	59%	41%
7	To add value to family business	3.98	1.04	0.02	49%	51%
8	To maintain my personal freedom and independence	3.98	0.71	0.03	49%	51%
9	To be closer to my family	3.87	0.88	0.15	44%	56%
10	To be my own boss	3.79	1.13	0.19	43%	57%
11	To build a business to pass on as a legacy	3.84	0.81	0.20	42%	58%
12	To have a sense of security	3.67	0.94	0.35	36%	64%
13	To provide employment opportunities to family	3.43	1.03	0.55	29%	71%

The motivational factors can be grouped under four categories as follows:

Strongest motivators : More than 70 per cent are motivated by four factors

Strong motivators : 55 per cent to 69 per cent are motivated by two factors

Normal motivators : 40 per cent to 54 per cent are motivated by five factors

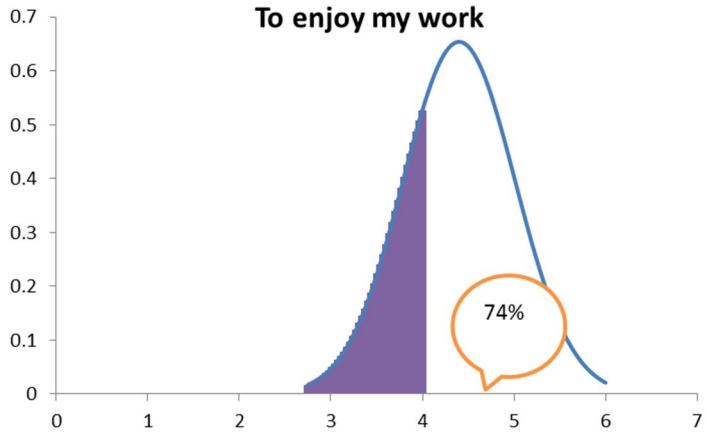
Weak motivators : Less than 40 per cent attach importance to two factors

Strongest Motivators

More than 70 per cent are motivated by these factors. Four statements emerge as the strongest motivators for an MSME entrepreneur in Madurai:

- To enjoy my work (74 per cent)
- To be able to use my past experience and training (72 per cent)
- To prove that 'I can do it' (71 per cent)
- For my own satisfaction and growth (70 per cent)

CHART 5.60
FEELING THAT MOTIVATION COMES FROM WANTING "TO ENJOY MY WORK"



The standard deviation is also limited ranging from 0.61 to 0.72 for these statements. The other graphs would look quite similar in this group with a clear expression of indication from the entrepreneurs about an inner urge which fires them to take up entrepreneurship – enjoyment, personal satisfaction, growth opportunities, self-esteem and use of past experience. Most of these are in one sense self-actualisation needs and hence in the Maslow's hierarchy, the entrepreneurs are working at the topper layers of the pyramid. This is a very positive sign and portends well for the entrepreneurship atmosphere in Madurai.

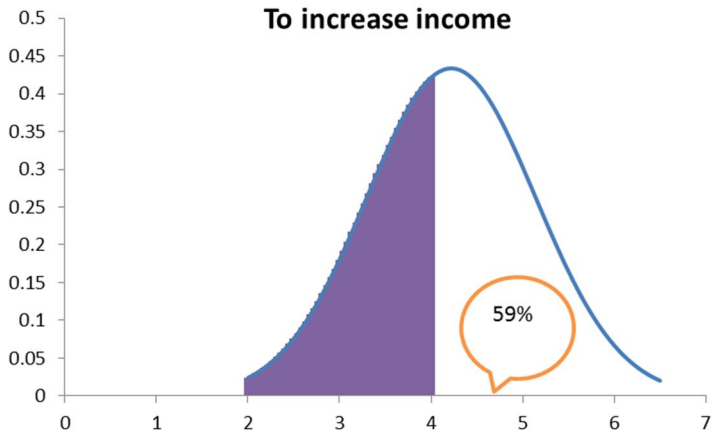
Strong motivators

55 per cent to 69 per cent are motivated by two factors:

- To increase my income and (59 per cent)
- To provide employment opportunities to many others (59 per cent)

About 59 per cent of the entrepreneurs have talked of these as motivators at a clear 15 per cent lower range than the earlier set of motivators mentioned in the 'strongest' category.

CHART 5.61
FEELING THAT MOTIVATION COMES FROM WANTING "TO INCREASE MY INCOME"



This shows that while monetary factors (to increase income) and social concern (to provide employment opportunities to many others) are driving factors, they are very clearly behind the self-actualization needs.

Normal Motivators

40 per cent to 54 per cent of entrepreneurs are motivated by five factors. The factors that fall in this category have a motivational level ranging from 49% at the highest to 42% at the lowest.

- To add value to family business (49 per cent)
- To maintain my personal freedom and independence (49 per cent)
- To be closer to my family (44 per cent)

- To be my own boss (43 per cent)
- To build a business to pass on as a legacy (42 per cent)

'Adding value to family businesses' could be a motivation for people joining the family business. 'Maintaining personal freedom and independence' could be the motive for first generation entrepreneurs. 'To be my own boss' is a closely linked version to the statement talking about personal freedom. 'Being closer to the family' seems to be a compelling reason but not compelling enough for majority of the entrepreneurs. Unless entrepreneurs taste success, they may not think of a legacy and hence only 42 per cent being fired by that motive is not surprising.

Charts 5.62 and 5.63 give an indication of the normal motivators.

CHART 5.62
FEELING THAT MOTIVATION COMES FROM WANTING "TO ADD VALUE TO FAMILY BUSINESS"

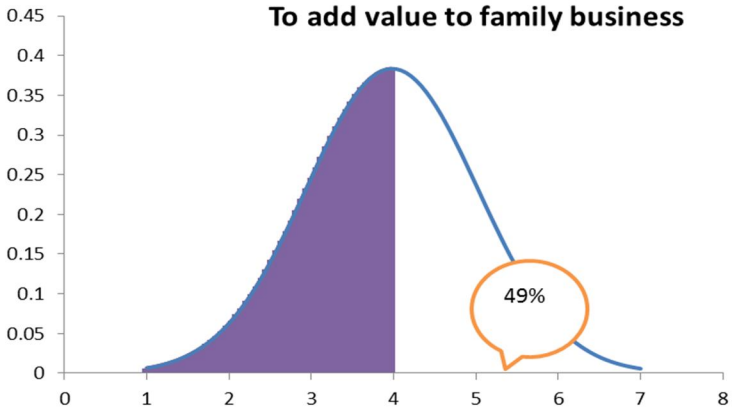
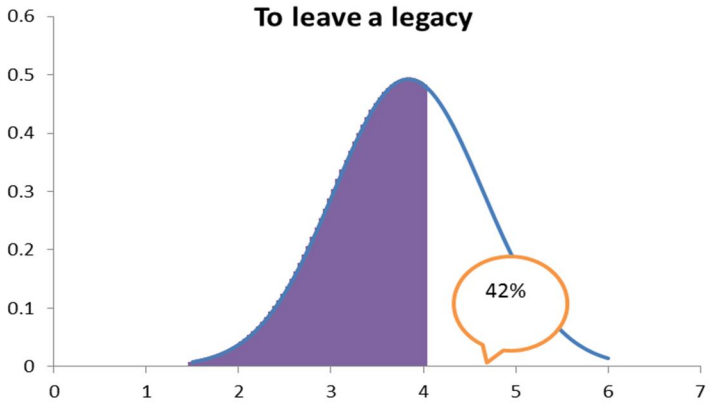


CHART 5.63
FEELING THAT MOTIVATION COMES FROM WANTING "TO LEAVE A LEGACY"



Weak Motivators

Less than 40 per cent attach importance to two factors

- To have a sense of security (36 per cent)
- To provide employment to family members (29 per cent)

Entrepreneurs very clearly understand that there is an element of risk attached to choosing the path of entrepreneurship and it is no surprise that very few link security with entrepreneurship. Unless one is secure oneself, it is a little difficult to extend to family and others and what follows with a poor 29 per cent is the motivator in the form of the possibility of providing employment to family members.

CHART 5.64
FEELING THAT MOTIVATION COMES FROM WANTING "TO HAVE A SENSE OF SECURITY"

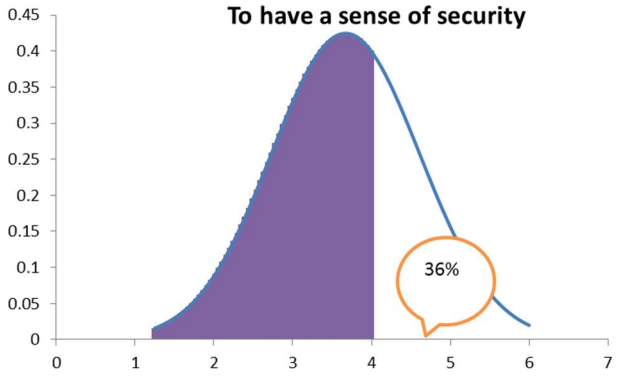
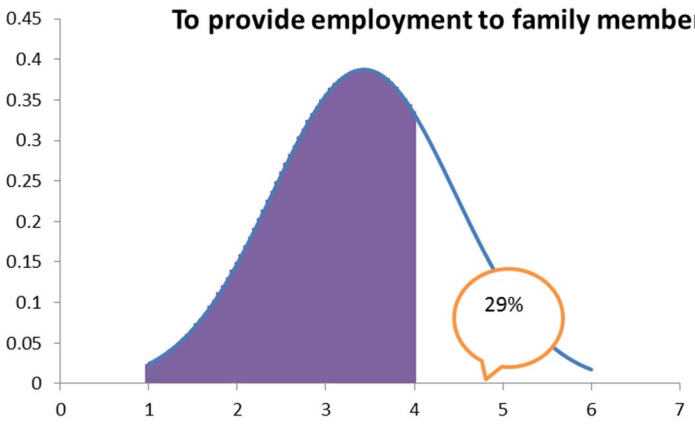


CHART 5.65
FEELING THAT MOTIVATION COMES FROM WANTING "TO PROVIDE EMPLOYMENT TO FAMILY MEMBERS"



Amongst the various motivational factors, it is a very comforting signal to note that self-actualisation factors rate higher than the monetary and self-centred factors. Equally, it is clear that the entrepreneurs do not consider the path they have chosen as a comfortable and secure journey. In fact it is these motivational factors and the way the entrepreneurs perceive these that resoundingly reassure the possibility of sustainability of entrepreneurship in the MSME sector in Madurai.

5.4 ANALYSIS OF PROPELLING DETERMINANTS

This section talks of the determinants that can propel an entrepreneur in the path of not only sustainability but also success and growth in his business. While the enabling determinants (capital, location, labour, markets) support the business and the driving determinants (accessibility, social, motivational factors) sustain the business, an entrepreneur has to ensure that he builds a learning organisation. Unless the entrepreneur himself is a 'learning' individual ever-open to change, learn and grow, it would be difficult for him to build an enterprise that will stand the test of time. "The art of progress is to preserve order amidst change and change amidst order". This section examines where the entrepreneurs perceive they stand with respect to various aspects of knowledge, skill, approach and attitude. A self-assessment mode has been taken up in this section for entrepreneurs to rate themselves on a five point scale with reference to their own perception of their competence in the dimensions listed.

5.4.1 Applied Knowledge as Determinant of Entrepreneurship

TABLE 5.9

SELF-ASSESSMENT ON APPLIED KNOWLEDGE

Sl.No	Particulars	Mean	SD	(z) = L4	Population	
	Applied knowledge				**> Lev 4**	**< Lev 4**
1	Strategy	3.82	1.28	0.14	44%	56%
2	Marketing & Sales	3.74	1.25	0.21	42%	58%
3	Information & Communication Technology	3.75	1.05	0.24	41%	59%
4	Operations	3.47	1.14	0.46	32%	68%
5	Finance	3.31	1.15	0.60	27%	73%
6	Human Resource / People Management	3.29	1.13	0.63	26%	74%
7	Statutory Requirements	3.29	1.08	0.66	26%	74%

It may be noted that there is not a single area where more than 50 per cent of the entrepreneurs have expressed confidence in the subject in question. The best seems to be only 44 per cent being comfortable with strategy closely followed by marketing & sales and information & communication technology.

CHART 5.66
SELF-ASSESSMENT ON "STRATEGY"

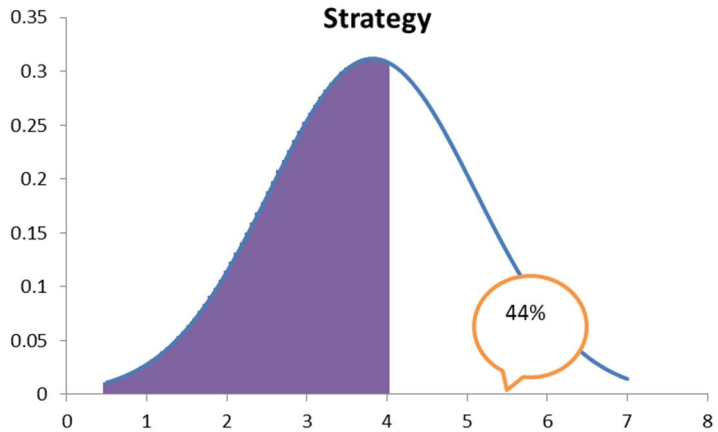
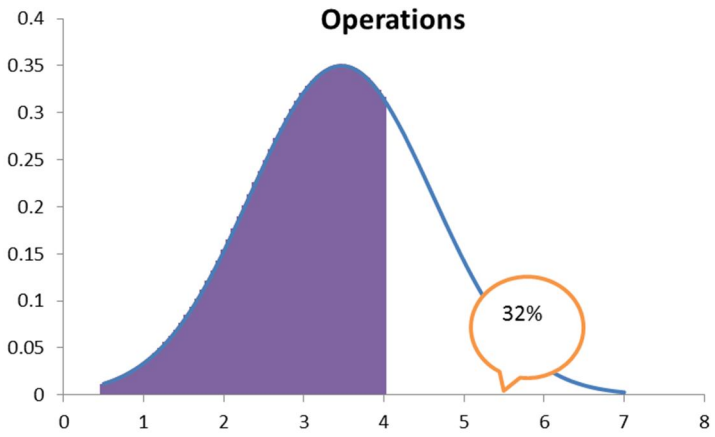


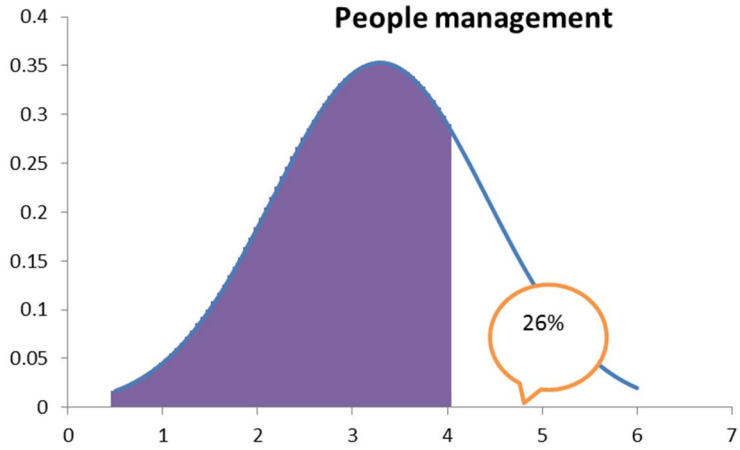
CHART 5.67
SELF-ASSESSMENT ON "OPERATIONS"



Operations seem to be at an average level of expertise, more so because it may be to do with their own line of business. It may be so because the entrepreneurs may be comfortable with their domain area in the chosen line of operations.

However, all three aspects relating to finance, people management and statutory requirements talk of 74 per cent not being comfortable with the fields as seen in Chart 5.68.

CHART 5.68
SELF-ASSESSMENT ON 'PEOPLE MANAGEMENT"



While it is positive to note that entrepreneurs are exposed to concepts in strategy, marketing and information technology, the levels of confidence are not very high. At the other end, as far as people management, finance and statutory requirements are concerned, there seems to be a huge gap that needs to be addressed. Without sufficient exposure to these subjects, it would be difficult for an entrepreneur to sustain himself.

5.4.2 Business Management Skills as Determinants of Entrepreneurship

TABLE 5.10
SELF-ASSESSMENT ON BUSINESS MANAGEMENT SKILLS

Sl.No	Particulars	Mean	SD	(z) = L4	Population	
	Business management skills				**> Lev 4**	**< Lev 4**
1	Business skills	3.90	1.19	0.08	47%	53%
2	Leadership skills	3.82	1.30	0.14	44%	56%
3	People skills	3.81	0.95	0.20	42%	58%
4	Managerial skills	3.68	1.19	0.27	39%	61%

While in this case also, the average does not cross 50 per cent, it is to be noted that 47 per cent are confident of their business skills, closely followed by leadership skills at 44 per cent. This is followed by people skills at 42 per cent and in this set, the lowest comfort seems to be with managerial skills at 39 per cent

CHART 5.69
SELF-ASSESSMENT ON "BUSINESS SKILLS"

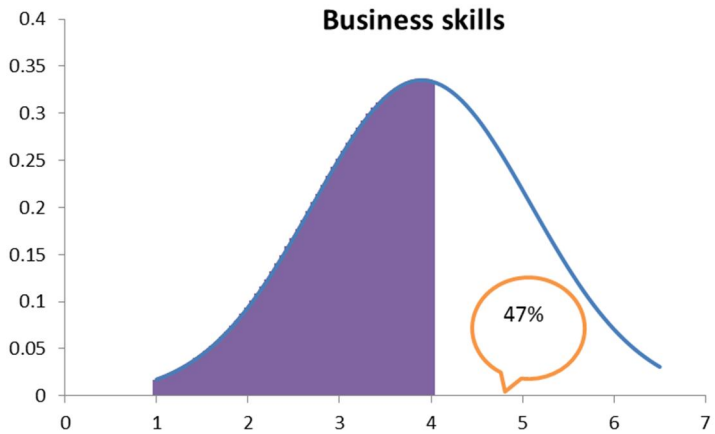
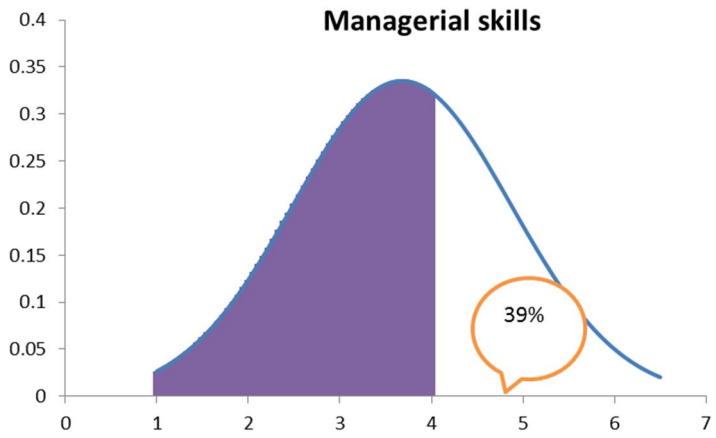


CHART 5.70
SELF-ASSESSMENT ON "MANAGERIAL SKILLS"



This range may lead to some interesting conclusions. While the applied knowledge score is quite poor in certain areas, the skills portfolio comes across as distinctly better. What is lacking in knowledge is most probably made up with skills.

However, it is good to know that the entrepreneurs believe that they still have to learn business management skills as they have not scored themselves very high on absolute terms. Business skills which has ranked the first amongst the four here may be to do with their own business and hence they are very comfortable with that. Leadership skills seem to be comfortable as experience may have shaped entrepreneurs to be leaders providing them ample opportunities to learn by trial and error and through observation around.

People skills are also not rated very poor considering that the applied knowledge part of it was rated amongst the lowest. This may lead us to believe that people are managed with some practical experience by entrepreneurs. A theoretical background would enable them handle this facet much better.

Managerial skills which typically include planning, organising, directing, staffing, coordinating, controlling, budgeting etc. may not be very familiar to the entrepreneurs in a formal way. They may have picked up a few

of these skills informally and may be applying them to suit their business while a little more support in a formal way will hold them in good stead.

These inferences lead us to believe that the entrepreneurs are very realistic about their self-assessment on skills and they would be open to take inputs on these and apply them in their work-life. It would be important to have a forum where such skills can be imparted so that they gain an exposure and insight to these in a formal way. Such exposure must not be theoretical but must be relevant to their day to day business and must be capable of practical application. Skills are honed over time and hence sufficient feedback mechanism or hand holding may be needed for the entrepreneurs to ensure that they are practising it right. Learning from peers may be a powerful way of learning skills as they wouldn't be textbook case studies but practical life experiences.

5.4.3 Entrepreneurial Approach as a Determinant of Entrepreneurship

TABLE 5.11
SELF-ASSESSMENT ON "ENTREPRENEURIAL APPROACH"

Sl.No	Particulars	Mean	SD	(z) = L4	Population	
	Entrepreneurial approach				**> Lev 4**	**< Lev 4**
1	Innovation	3.90	1.33	0.08	47%	53%
2	Information seeking	3.73	1.28	0.21	42%	58%
3	Risk taking & risk awareness	3.67	1.21	0.27	39%	61%
4	Networking strengths	3.60	1.20	0.33	37%	63%

Charts 5.71 and 5.72 depict the top and bottom scoring factors in Table 5.11.

CHART 5.71
SELF-ASSESSMENT ON "INNOVATION"

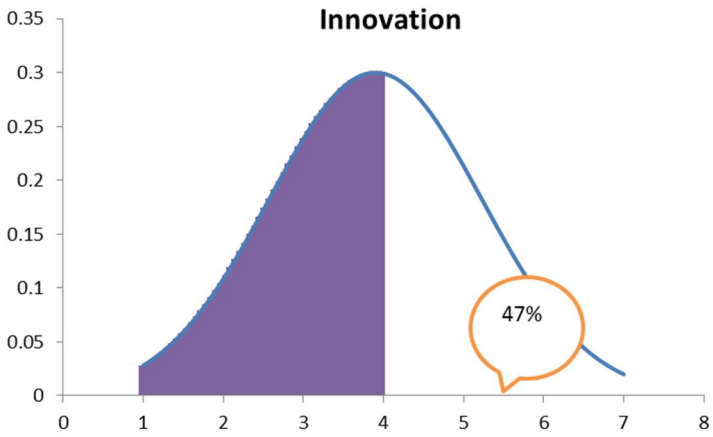
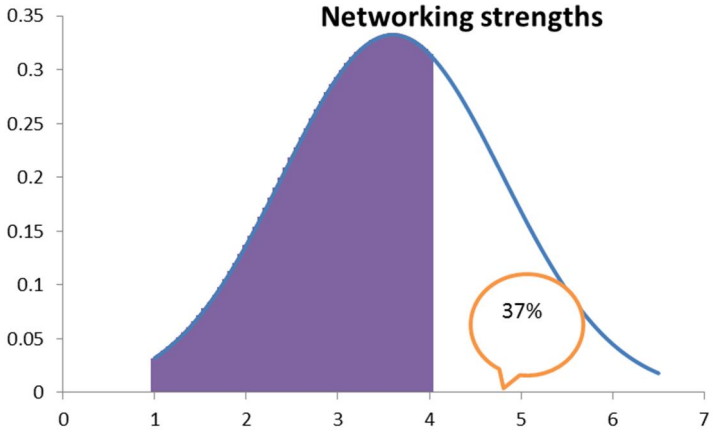


CHART 5.72
SELF-ASSESSMENT ON "NETWORKING STRENGTHS"



The MSME entrepreneurs in Madurai consider themselves reasonably innovative with about 47 per cent being confident of that. This is a healthy sign though the measurement of innovation in their minds is only subjective. They also understand the importance of seeking information in an ever changing and dynamic business environment. However, it may be recalled that under accessibility factors only 35 per cent felt that they had access to information to exploit business opportunities. This may mean that while they understand the importance and seek information, not all relevant and appropriate information is available to them.

39 per cent are aware of the risks they take which can only mean that the rest go ahead with their business not fully realising the potential risks involved. 'Knowing one's risk' in business is extremely important for an entrepreneur and it would be important for agencies that seek to support entrepreneurship to provide the entrepreneurs an avenue to measure and evaluate their risks and also to see how they need to be de-risked.

Only 37 per cent are confident of their networking strengths. This again corroborates with the social factors' evaluation where only 39 per cent talked of good networking within the business circles and 41 per cent mentioned good networking outside business circle. Even local networking was a poor 23 per cent under the social factors. This is an area that needs attention as in an increasingly connected world, networking can make all the difference between the success and failure of business. It is to be checked if the entrepreneurs are hesitant to network owing to their perception of their social acceptance (which is only 46 per cent) or the opportunities for networking are limited. Either way, the barriers have to be overcome to support sustainability of entrepreneurship in the district.

5.4.4 Personal Attitude as a Determinant of Entrepreneurship

TABLE 5.12
SELF-ASSESSMENT ON PERSONAL ATTITUDE

Sl.No	Particulars	Mean	SD	(z) = L4	Population	
	Entrepreneur Attitude: Personal				**> Lev 4**	**< Lev 4**
1	Self-awareness	3.95	1.33	0.04	49%	51%
2	Ability to handle success	3.70	1.27	0.24	41%	59%
3	Empathy	3.66	1.10	0.31	38%	62%
4	Self-control	3.58	1.24	0.34	37%	63%
5	Inter personal relationship	3.52	1.16	0.41	34%	66%

CHART 5.73
SELF-ASSESSMENT ON "SELF-AWARENESS"

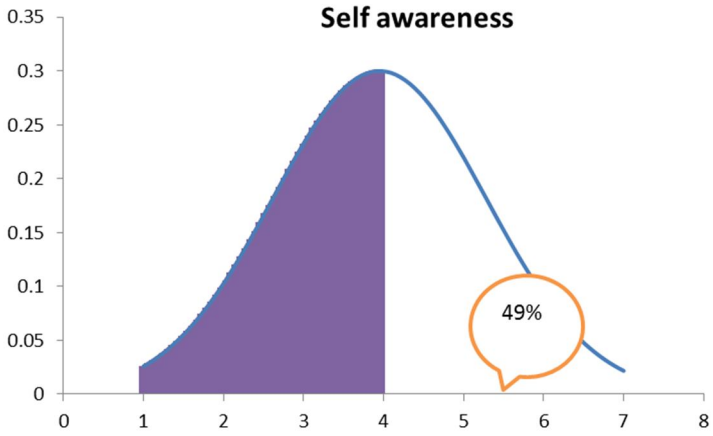


CHART 5.74
SELF-ASSESSMENT ON "INTER-PERSONAL RELATIONSHIPS"

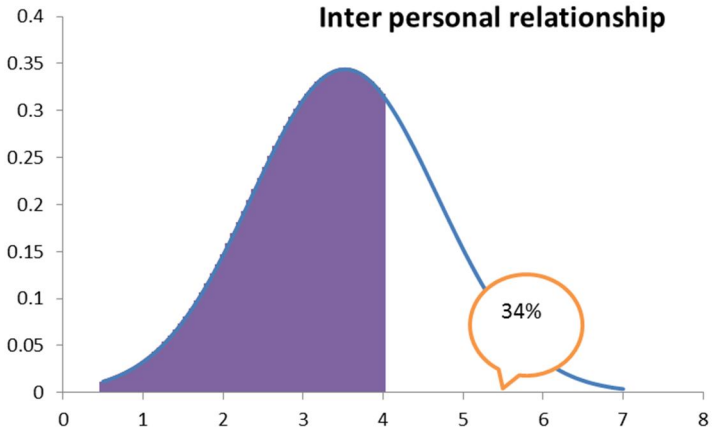


Chart 5.73 depicts the top ranking self–assessment factor (self-awareness) and Chart 5.74 depicts the lowest ranking factor (inter-personal relationship) in this set of determinants dealing with an entrepreneur's personal attitude.

That 49 per cent of the entrepreneurs perceive themselves to be self-aware is a very healthy sign and this is a basic necessity for an entrepreneur. Mentoring relationships would go a long way in helping heighten self-awareness. It seems that the entrepreneurs believe that they could do with some help in terms of their ability to handle success, understanding empathy and applying it in their dealing with the other

stakeholders in the business and improving their self-control. Again, to handle these and shape their attitude, it would be in the interests of the entrepreneurs to seek out mentoring relationships.

Inter personal relationship does seem to be a challenge for MSME entrepreneurs in Madurai as evidenced by their comparatively lower networking capabilities (as seen in the social factors) and lower people skills (as seen in the business management skills) and lower exposure to people management knowledge (as seen in the applied knowledge factors). Understanding of organisational behaviour and organisational dynamics is very important for an entrepreneur to sustain his business and at the end of the day, 'business is about people'. The entrepreneurs will have to seek out formal and informal ways of improving their skills in this area. Peer group learning could help, particularly with practical case studies as examples being shared as experiences and even attempt at role plays of practical situations. A guided attempt at these learning opportunities would enable them learn even better.

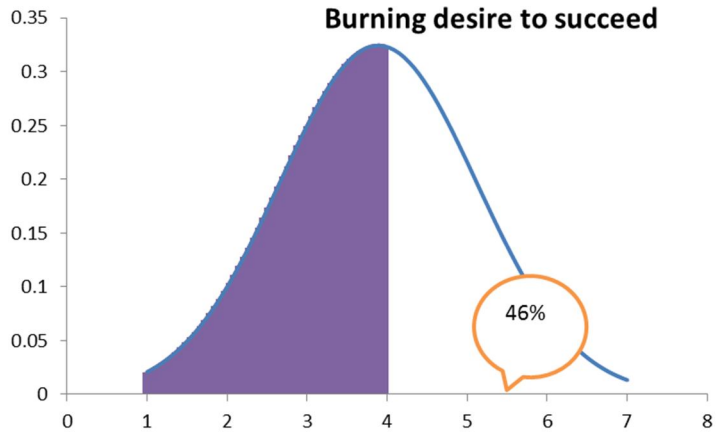
5.4.5 Business-related Attitude as a Determinant of Entrepreneurship

TABLE 5.13
SELF-ASSESSMENT ON BUSINESS RELATED ATTTIUDE

Sl.No	Particulars	Mean	SD	(z) = L4	Population	
	Entrepreneur attitude: business related				**> Lev 4**	**< Lev 4**
1	Undisputed burning desire to succeed	3.89	1.23	0.09	46%	54%
2	Undeviating focus on business	3.71	1.27	0.23	41%	59%
3	Ability to handle barriers & speed breakers	3.62	1.27	0.30	38%	62%
4	Business compatibility with personal interest	3.59	1.21	0.34	37%	63%
5	Ability to handle career comparisons	3.47	1.17	0.45	33%	67%
6	Ability to handle expansion	3.39	1.25	0.49	31%	69%
7	Ability to handle statutory issues	3.33	1.26	0.53	30%	70%

Amongst the factors related to business-related attitude, the entrepreneurs seem to rank very high on their 'undisputed burning desire to succeed' while rank the lowest on their 'ability to handle statutory issues'. Undisputed burning desire to succeed at 46 per cent and undeviating focus on business at 41 per cent are healthy indicators correlating well with the high scoring motivational factors. The MSME entrepreneurs 'have it in them' to sustain, grow and succeed.

CHART 5.75
SELF-ASSESSMENT ON "BURNING DESIRE TO SUCCEED"



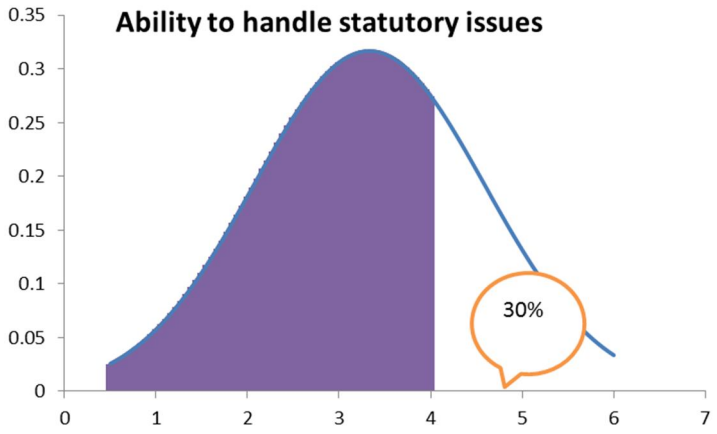
Ability to handle barrier and speed breakers seems to be low with 62 per cent finding it difficult; support of the peer group and mentoring relationships would help support the entrepreneurs in this area. Business incompatibility with personal interest could be an area of stress and it is important for the entrepreneurs not to fight shy to seek professional help to enable them handle this stress. Physical fitness routine and ensuring work-life balance at the optimal levels need to be planned for.

Ability to handle career comparisons is again quite difficult for 67 per cent of the entrepreneurs. This is a very real dilemma as entrepreneurship cannot be compared with routine employment. Understanding that entrepreneurship is a mixed blessing like any other choice of work in life is important for an entrepreneur to maintain his balance and keep to his work

with sustained interest. Ability to handle expansion is again difficult for 69 per cent of the entrepreneurs which is not surprising as the challenges of expansion are quite different from the challenges of sustenance and survival. Support of consultants needs to be enlisted to handle this supported by peer group experience sharing and mentoring advice.

Ability to handle statutory issues seems to be a major strain for entrepreneurs with 70 per cent conceding lack of competence in this area. This corroborates with the 74 per cent lack of knowledge of statutory requirements mentioned under the applied knowledge category also. This barrier is to be resolved by ensuring that entrepreneurs form groups to take support from consultants well versed in these areas.

CHART 5.76
SELF-ASSESSMENT ON "ABILITY TO HANDLE STATUTORY ISSUES"



It may be noted that while there are intrinsic factors, the entrepreneurs are very confident and comfortable. However for factors external to them, they seem to have an issue in handling those. While this is a challenge, there is a positive way of looking at the half filled glass. It is the internal qualities that are more difficult to impart as they have to spring from within. What is external can be supplemented through formal and informal means.

A concerted attempt by forming self-help groups, the entrepreneurs would be able to handle the gaps and overcome them.

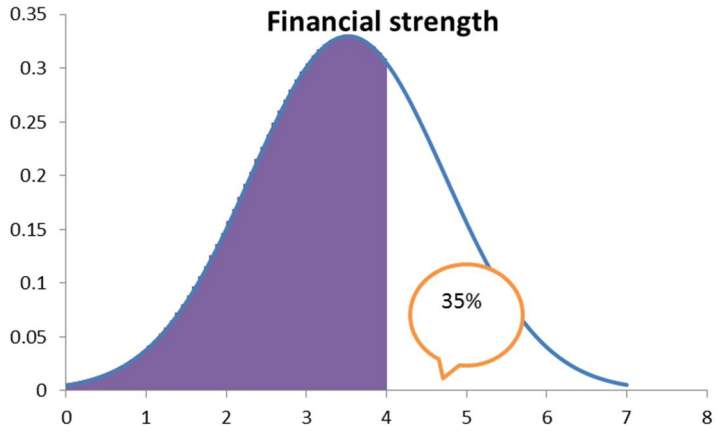
5.4.6 Support and Guidance as a Determinant of Entrepreneurship

TABLE 5.14
SELF-ASSESSMENT ON SUPPORT AND GUIDANCE RECEIVED BY AN ENTREPRENEUR

Sl.No	Particulars	Mean	SD	(z) = L4	Population	
	Support and guidance				**> Lev 4**	**< Lev 4**
1	Financial strength	3.52	1.21	0.40	35%	65%
2	Team/ Employees' support	3.45	1.39	0.40	35%	65%
3	Mentorship support	3.39	1.28	0.48	32%	68%
4	Partnership support	3.29	1.43	0.50	31%	69%
5	Family support	3.35	1.26	0.52	30%	70%

It may be noted that the support and guidance received as perceived by the entrepreneurs is very poor and this is a disturbing admission. It comes across that even more than people, they have to ensure that they are financially sound which is the most important source of strength.

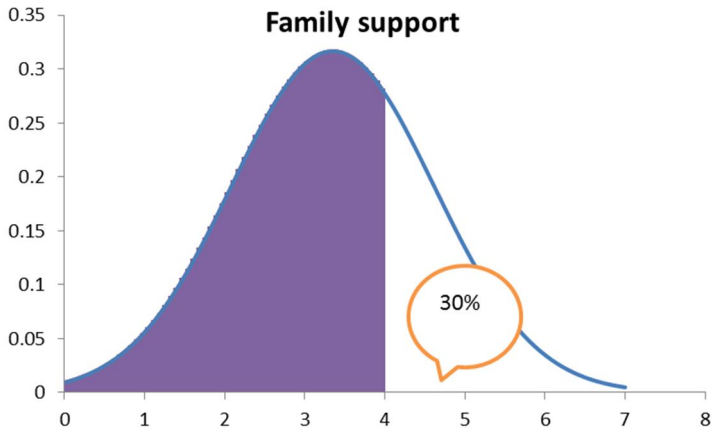
CHART 5.77
SELF-ASSESSMENT ON "FINANCIAL STRENGTH AS SUPPORT"



While financial support can definitely assist an entrepreneur in difficult times by providing him cushion and buying him time, it is important to have a supportive network. Table 5.14 indicates that there is very little support

coming from employees' and what comes from family seems to be the lowest in the list.

CHART 5.78
SELF-ASSESSMENT ON "FAMILY SUPPORT"



It would be difficult to come to a conclusion on the support extended by partners as not all entrepreneurs may have partners. It is clear that mentoring as a concept is yet to mature in the Madurai entrepreneurship eco-system.

From the above it seems imperative that the entrepreneurs need to hone their people skills which in turn will enable them build good inter personal relationships with their team thereby ensuring they become a source of strength and support through the entrepreneurial journey.

Mentoring relationships are to be encouraged with the concept being explained to entrepreneurs, a few of them starting it off and the others following suit over time when they realise the advantages of such a system. A mentoring system can go a long way in providing guidance to an entrepreneur hand-holding him through his journey and cautioning him about the pitfalls that he may have to steer clear off while simultaneously cheering his achievements.

Most importantly, entrepreneurs' families are to be sensitised to what entrepreneurship is all about and how it is crucial for the family to stand behind

an entrepreneur to enable him handle the stresses and strains associated with his work life where at the end of the day he stands 'lonely at the top'.

It may be noted that of all the propelling forces, it is the 'support and guidance' factor that has ranked really low and hence cries out for attention to be handled.

5.5 MULTIPLE REGRESSION ANALYSIS

5.5.1 Multiple Regression Analysis between Driving Determinants (accessibility, social, motivational factors) and Entrepreneurship

The multiple regressions are applied to analyse the different driving determinants as independent variables against 'entrepreneurship' sustainability as the dependent variable.

TABLE 5.15
ANOVA TABLE OF DRIVING DETERMINANTS AND ENTREPRENEURSHIP

ANOVA	Sum of Squares	df	Mean Square	F	Sig.
Regression	18.082	3	6.027	6.095	0.001[b**]
Residual	144.378	146	.989		
Total	162.460	149			

a. Dependent Variable: "Entrepreneurship sustainability"
b. Predictors: (Constant), Motivational factor, Accessibility factor, Social factor
**Significant at 1 per cent level

Table 5.15 shows tests related to the acceptability of model from a statistical perspective. The ANOVA table shows F-Ratio for the regression model which indicates statistical significance of the overall regression model. The F-ratio is the result of comparing the amount of explained variance to unexplained variance. The F-value is the mean square regression divided by the Mean Square Residual, yielding F=6.095 .The p-value associated with this F value is very small. The significance value of the F-Statistic is less than 0.01.

In this table the significance variable is less than 0.01 which means that the group of driving factors determining entrepreneurship can be used to reliably predict “entrepreneurship” sustainability (the dependent variable).

TABLE 5.16
SUMMARY OF THE REGRESSION OF DRIVING DETERMINANTS

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.334[a]	0.111	0.093	0.99443

a. Predictors: (Constant), Motivational factor, Accessibility factor, Social factor

Table 5.16 shows that relationship between the dependent variables (to predict entrepreneurship sustainability) and factors affecting entrepreneurship (independent variables). Multiple R is the correlation coefficient (at this step) for the simple regression of Motivational factor (X_1), Accessibility factor, (X_2), Social factor (X_3). R - R is the square root of R-Squared and is the correlation between the observed and predicted values of the dependent variable. The strength of correlation coefficient is 0.334. There is a positive strength of correlation between the observed variables X_1, X_2, X_3 and predicted values of the dependent variable (Y). The R-square shows the percentage of variation in one variable that is accounted by another variable. In this case different levels of factors affecting entrepreneurship account for 11 per cent of entrepreneurship sustainability. R square (R^2) is the correlation coefficient squared; also it is referred as the coefficient of determination. The adjusted R-square attempts to yield an honest value to estimate the R-squared for the population. The value of the adjusted R - square is 0.093.

TABLE 5.17
REGRESSION COEFFICIENT FOR DRIVING DETERMINANTS (ACCESSIBIILTY, SOCIAL AND MOTIVATIONAL FACTORS) ON ENTREPRENEURSHIP SUSTAINABILITY

Coefficients	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	-0.084	0.946		-	0.930
Accessibility	0.046	0.025	0.161	1.882	0.062
Social factor	0.015	0.020	0.070	0.781	0.436
Motivational	0.045	0.015	0.243	2.959	0.004**

**significant at 1 per cent level

These are the values for the regression equation for predicting dependent variable, entrepreneurship sustainability (Y) from the independent variable(s) factors affecting entrepreneurship. The t-test examines the question whether the regression coefficient is different from zero to be statistically significant or not. In this step, three independent variables are used to calculate the regression equation for the dependent variable.

The coefficient table shows result for constant component in the regression equation. The column labeled significance shows statistical significance of the regression co-efficient for independent variable as measured by t-test. The coefficient table shows one predictor in the model. The only one significant coefficient is Motivational factor. Motivational factor has the highest standardized coefficient with the lowest significance (p=0.01) which means that “Motivational factor” is the main predictor of entrepreneurship sustainability. Since the non-significant coefficients exceed 0.05, it would indicate that the ‘Accessibility factor’ and ‘Social factor’ contribute lesser to the model. It also shows that the relative importance of significant predictors is determined by looking at the standardized coefficient.

5.5.2 Multiple Regression Analysis between Propelling Determinants (knowledge, skills, approach, attitude and support) and Entrepreneurship

The multiple regressions are applied to analyse the different propelling determinants as independent variables against 'entrepreneurship sustainability' as the dependent variable.

TABLE 5.18
ANOVA TABLE OF PROPELLING DETERMINANTS AND ENTREPRENEURSHIP

ANOVA	Sum of Squares	Df	Mean Square	F	Sig.
Regression	153.614	6	25.602	413.895	0.000[b**]
Residual	8.846	143	.062		
Total	162.460	149			

a. Dependent Variable: Entrepreneurship sustainability
b. Predictors: (Constant), Support & Guidance for entrepreneurial journey, Entrepreneurial Approach, Entrepreneurial Personal Attitude, Applied Knowledge, Entrepreneurial business related Attitude, Business Management Skills

**Significant at 1 per cent level

Table 5.18 shows tests related to the acceptability of model from a statistical perspective. The ANOVA table shows F-Ratio for the regression model which indicates statistical significance of the overall regression model. The F-ratio is the result of comparing the amount of explained variance to unexplained variance. The F-value is the mean square regression divided by the Mean Square Residual, yielding F=413.895 .The p-value associated with this F value is very small. The significance value of the F-Statistic is less than 0.01. In this table the significance variable is less than 0.01 which means that the group of propelling determinants (knowledge, skill, approach, attitude and support) can be used to reliably predict entrepreneurship sustainability (the dependent variable).

TABLE 5.19
SUMMARY OF THE REGRESSION OF PROPELLING DETERMINANTS

R	R Square	Adjusted R Square	Std. Error of the Estimate
0.972[a]	0.946	0.943	0.24871

a. Predictors: (Constant), Support & Guidance for entrepreneurial journey, Entrepreneurial Approach, Entrepreneurial Personal Attitude, Applied Knowledge, Entrepreneurial business related Attitude, Business Management Skills

Table 5.19 shows that relationship between the dependent variables (to predict entrepreneurship sustainability) and propelling determinants of entrepreneurship (independent variables). Multiple R is the correlation coefficient (at this step) for the simple regression of Support & Guidance for entrepreneurial journey (X_1), Entrepreneurial Approach, (X_2), Entrepreneurial Personal Attitude (X_3), Applied Knowledge (X_4),Entrepreneurial business related Attitude(X_5), Business Management Skills (X_6). R - R is the square root of R-Squared and is the correlation between the observed and predicted values of the dependent variable. The strength of correlation coefficient is 0.97. There is a strong positive strength of correlation between the observed variables X_1, X_2, X_3, X_4, X_5, X_6 and predicted values of the dependent variable (Y). The R-square shows the percentage of variation in one variable that is accounted by another variable. In this case different levels of entrepreneurship qualities account for 95 per cent of entrepreneurship sustainability. R square (R^2) is the correlation coefficient squared; also it is referred as the coefficient of determination. The adjusted R-square attempts to yield an honest value to estimate the R-squared for the population. The value of the adjusted R - square is 0.943.

TABLE 5.20
REGRESSION COEFFICIENT FOR PROPELLING DETERMINANTS (KNOWLEDGE, SKILLS, ATTITUDE, APPROACH AND SUPPORT) ON ENTREPRENEURSHIP SUSTAINABILITY

Coefficients	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	0.326	0.096		3.413	0.001
Applied Knowledge	-0.007	0.007	-0.036	-0.938	0.350
Business Management Skills	0.254	0.017	1.023	14.742	0.000**
Entrepreneurial Approach	-0.009	0.014	-0.038	-0.642	0.522
Entrepreneurial Personal Attitude	0.019	0.010	0.093	1.996	0.048*
Entrepreneurial business related Attitude	-0.021	0.007	-0.153	-3.183	0.002**
Support & Guidance for entrepreneurial journey	0.019	0.006	0.097	3.174	0.002**

**significant at 1 per cent level
*significant at 5 per cent level

These are the values for the regression equation for predicting dependent variable, entrepreneurship sustainability (Y) from the independent variable(s), the propelling determinants of knowledge, skill, approach, attitude and support. The t-test examines the question whether the regression coefficient is different from zero to be statistically significant or not. In this step, six independent variables are used to calculate the regression equation for the dependent variable. The coefficient table shows result for constant component in the regression equation. The column labeled significance shows statistical significance of the regression co-efficient for independent variable as measured by t-test.

The coefficient table shows four predictors in the model. The four significant coefficients are Support & Guidance for entrepreneurial journey, Entrepreneurial business related Attitude, Entrepreneurial Personal Attitude and Business Management Skills. Business Management Skills support has the highest standardized coefficient with the lowest significance (p=0.01) which means that "Business Management Skills" is the main predictor of entrepreneurship sustainability. Since the non-significant coefficients exceed 0.05, Applied Knowledge and Entrepreneurial Approach contribute lesser to the model. It also shows that the relative importance of significant predictors is determined by looking at the standardized coefficient.

Going by the regression analysis, it is concluded that 'motivational factors' amongst the driving determinants and 'business management skills' amongst the propelling determinants contribute significantly in predicting entrepreneurship sustainability.

5.6 THE RELIABILITY AND VALIDITY OF THE SCALE

Reliability and validity of the scale is important for obtaining meaningful results. Validity and reliability are the tools used to evaluate the characteristics of a good measurement and these tools involve a measurement of accuracy and applicability (Malhotra, 2004; Cooper and Schindler, 2001). The main concern for performing validity and reliability is to develop a measurement that reflects a true score of the variables being measured (Churchill and Iacobucci, 2002).

5.6.1 Reliability of the Scale

A test must be reliable, that is, it must have the ability to consistently yield the same results when repeated measurements are taken of the same individuals under the same conditions (Hair, 2006). In other words, reliability is an indication of how consistent the findings are based on the method of data collection and analysis (Saunders, Lewis &Thornhill, 2007). Furthermore,

reliability is more important when the questionnaire is a Likert-type scale because there are many variables testing the concept.

In the words of Freeman (1965) “The term reliability has two closely related but somewhat different connotations in psychological testing. First, it refers to the extent to which a test is internally consistent, that is, consistency of results obtained throughout the test when administered once. In other words, how accurately is the test measuring a particular item? Second, reliability refers to the extent to which a measuring device yields consistent results upon testing and retesting. That is, how dependable is it for predictive purposes?”

Usually, the Cronbach’s alpha is used to measure the reliability of the instrument (Pallant, 2007; Green et al., 2000; Hair et al., 1998). Cronbach’s alpha estimate tells us how highly the items in the questionnaire are interrelated. Unlike the split-half reliability method, however, this estimate does not have to be corrected for length. Cronbach’s Coefficient Alpha which is derived from the assumption that if all the items are drawn from the domain of a single construct, responses to the items composing the measurement model should be highly correlated (Hatcher, 1994).

Calculation of Cronbach’s estimate is usually done with the help of a statistical package designed to calculate this reliability estimate. Cronbach’s (1951) estimate of reliability is calculated using the variance of individual items and co-variances between the items. This estimate, however, can also be calculated using the correlations between the items. Given those items within a questionnaire use the same scale, both approaches give similar estimates but the latter approach is easier to understand.

The Cronbach alpha coefficient ranges from 0 to 1 with a minimum of 0.6 while other studies suggest that anything above 0.7 suggest high levels of internal reliability (Hair et al., 1998). Nunnally (1978) suggested that an alpha value of 0.7 is acceptable. For the purpose of this research the researcher had

used Cronbach alpha coefficient (Cronbach, 1951), the most common method for testing reliability, and 0.6 will be used as the minimal accepted level. Using SPSS version 21.0, an internal consistency analysis has been performed to assess the reliability aspect of the instrument.

5.6.2 Validity of the Scale

The test, as a data collection tool, must produce information that is not only relevant but free from systematic errors; that is, it must produce valid information. In general a test is valid if it measures what it claims to measure. A test, however, does not possess universal and eternal validity. It may be valid for use in one situation but invalid if used in another.

Cronbach (1964) states that a test which helps in making one decision in a particular research situation may have no value at all for another. According to Zikmund and Babin (2010) validity is the accuracy of a measure or the extent to which a score truthfully represents a concept. In other words, validity is concerned with the test being capable of testing what it was designed for, which is not as simple as it seems (Hair, 2006). CFA loadings have been calculated for all the factors to check if all the items taken for the scale construction qualify to develop the scale. Where CFA loadings are greater than 0.50, it is taken that the items qualify to be part of the scale.

Estimation of Cronbach's coefficient alpha and CFA loadings for each of the 14 determinants has been done one by one with each of their sub factors. A consolidation is presented in Table 5.21 showcasing the enabling, driving and propelling determinants, the sub factors considered under each of these determinants, the CFA loadings and the consolidated Cronbach's coefficient alpha for each of these.

TABLE 5.21
ESTIMATION OF CRONBACH'S COEFFICIENT ALPHA AND CFA LOADINGS FOR THE ENABLING, DRIVING AND PROPELLING DETERMINENTS OF ENTREPRENEURSHIP SUSTAINABILITY

No.	Particulars	Sub-factors	CFA Loadings to be	Overall Cronbach Alpha
A	**Enabling determinants**			
1	Seed capital	7	> .50	0.906
2	Current capital	7	> .50	0.812
3	Location	10	> .50	0.885
4	Labour	8	> .50	0.902
5	Marketing process	12	> .50	0.912
B	**Driving determinants**			
1	Accessibility factors	7	> .50	0.888
2	Social factors	9	> .50	0.892
3	Motivational factors	13	> .50	0.899
C	**Propelling determinants**			
1	Applied knowledge	7	> .50	0.812
2	Business management skills	4	> .50	0.70
3	Entrepreneurial approach	4	> .50	0.701
4	Entrepreneur personal attitude	5	> .50	0.889
5	Entrepreneur business related attitude	7	> .50	0.782
6	Support and guidance received	5	> .50	0.72

Table 5.21 illustrates the Cronbach Alpha-value of the various determinants and confirms CFA loadings. It presents the mean for all the fourteen determinants of entrepreneurship sustainability consisting of the five point scale. As can be seen in the reliability item statistics all the 14 items seem to be reasonably well to the scale's reliability as they are all above 0.70. Cronbach Alpha ranges from 0.7 (for Business management skills) to 0.912 (for marketing process). The CFA loadings also suggest that all the items taken for scale construction qualify to develop the scale. This is due to the fact the CFA loadings are greater than 0.50 consistently.

5.7 CONCLUSION

The descriptive feelings of the Madurai MSME entrepreneurs indicate with clarity where they feel they stand with respect to the various determinants of entrepreneurship sustainability.

As far as the enabling determinants go, they understand the importance of capital though they need to understand the nuances of financial management and leveraging. The importance of location, people management and marketing are well understood and they come across as confident about their ability to withstand competition and carve their own niche in the market.

As far as the driving determinants go, the entrepreneurs do have issues with accessibility to various resources which needs to be attended to. Their perception of their social acceptance is not very high either. Where they score really well is on the motivational front. It is clear that they are fired up by an urge to enjoy their work, have personal satisfaction, grow well and gain self-esteem.

As far as the propelling determinants go, entrepreneurs score themselves only at an average level on all points, particularly on applied knowledge related aspects. They are more comfortable on the skills part and self-awareness. All aspects related to people-management and people-relationships warrant improvement and there is a crying need for greater support and guidance to the entrepreneurs, particularly from their families.

6.1 INTRODUCTION

Further to the analysis made from the responses to the questionnaire circulated to the entrepreneurs, a series of about nine workshops were done over a period of nine months with a set of twelve entrepreneurs. The entrepreneurs were chosen based on heterogeneous representation of the MSME sector industries in Madurai district and their willingness to participate in the workshops. The discussions during the workshops were to authenticate the result of the findings obtained through the interviews, understand the obstacles in the MSME sector in Madurai district and to interactively evolve a learning framework ensuring the entrepreneurs' participation and commitment. Day long workshops were conducted with these entrepreneurs in the year 2014 on 4th March, 15th April, 17th May, 24th May, 8th August, 13th September, 11th October, 19th November and 24th November. This was to understand in depth what drives their entrepreneurship and what can be done to support the sustainability of their spirit and the growth of their enterprises. This would then be used to evolve a 'Minimum Viable Process' for learning that can be demonstrated and subsequently scaled up.

6.2 EXPECTATIONS OF ENTREPRENEURS AND FORMATION OF 'SELF HELP' GROUPS

The initial brain storming categorically indicated that the MSME entrepreneurs in Madurai felt that there was a need for a 'hand-holding' mechanism that could support and guide their entrepreneurial journey. An attempt was made to illustratively list some of their expectations and a few are given below:

- To learn latest trends in the industry
- To network with people in varied businesses
- To have clarifications on statutory legislations
- To have 'Bouncing Boards' to sound their ideas
- To have access to 'consultants' at reasonable costs
- To help in having a long term view of their business

- To enable make a good and viable business plan
- To help in strategic thought processes
- To hone leadership skills
- To develop a positive mind set
- To mentally re-charge themselves
- To have support in applying knowledge learnt from experts
- To be inspired by life stories from contemporary business leaders
- To seek ideas for funding start ups
- To gain greater social acceptance as ‘entrepreneurs’

Once the expectations were clarified, the next stage was to check out on how the entrepreneurs felt these could be met from various learning alternatives possible. At one end of the spectrum was enrolling in management institutes and at the other end was self-learning by enrolling in the internet for some of the Open University courses.

While management institutes would have the advantage of a regular curriculum the entrepreneurs with their hands full running their business wouldn’t be able to take time off even for a couple of weeks to attend the sessions fully. Even executive sessions done for a week or two did not seem to give a ‘complete’ feeling to those who had done that. Equally, the curriculum would be general and not tuned to their specific requirements. At the other end, enrolling for Open University courses could give some exposure to ‘knowledge’ but there may not be clarity on how such knowledge had to be applied. Moreover, time commitment could take a back seat with some other priority related to the business coming up repeatedly.

It was also discussed that the entrepreneurs not only looked at knowledge and its application, but also felt the need to hone their skills practically (like people management and networking that were highlighted in the earlier section) and develop an appropriate approach and attitude towards their business. This didn’t seem possible through any of the possibilities in the

spectrum of established institutions ranging from ‘Management institutes’ at one end to the ‘Open university’ courses on the internet at the other end.

During the course of discussions, it emerged that ‘self-help’ would be the best help. Self-help groups of entrepreneurs would have the potential of addressing a lot of the expectations mentioned in the list. A related idea was to have smaller learning groups within the major ‘self-help’ group as ‘clusters’. While the former could have fifty to seventy members, the latter would have ten to twelve members. It was decided to name the self-help group as ESH – Entrepreneurs’ self-help group. The self-help group has been referred to as ESH in this document hereinafter.

6.3 ESTABLISHMENT OF FRAMEWORKS OF REFERENCE

At this juncture, it was felt that there was a need to establish a framework within which the team would work to see how these expectations could be met through formation of ESH and clusters to ensure that it was a viable idea worth checking out. Three frameworks were suggested by the researcher to the team of twelve to support the thinking process of how the sustainability of entrepreneurship can be thought of and the above expectations met up with through the ‘self-help’ group and ‘clusters’ formation.

6.3.1 Framework 1 – Five ‘W’ and One ‘H’ Framework

It was suggested that each of the aspects could be taken up under the Five ‘W’ and One ‘H’ framework answering six questions:

- What: What is being planned, for example, what would ESH mean and how would it be understood by all involved?
- Why: What purpose would the ESH serve?
- When: How often would the ESH meet, how long would the meeting last and how would it get planned in terms of time lines?
- Who: Who would be involved in ESH and clusters? From whom can help be taken? Who are all the stakeholders who need to be associated

with this initiative? Who would take responsibility and drive this and own it?

- Where: Where would this initiative happen?
- How: How would the ESH actually work? What would be the procedural details and how would we know they serve the expectations they were set out to achieve?

6.3.2 Framework 2 - Stakeholders' Perspective Framework

To understand the effectiveness of any initiative it is important to identify all the stakeholders associated with that initiative even at the outset to identify their roles and the way they would interact in the initiative. This would enable better planning and expectations setting with all stakeholders concerned.

6.3.3 Framework 3 - The "Before –During-After" Framework

When we have a particular expectation which the initiative seeks to serve, it would be good to assess how the situation is before the intervention, what is expected during the intervention and the effect of the intervention. If these three are mapped upfront, it would give us a good understanding of whether the initiative indeed would serve the purpose it was proposed for.

The idea of suggesting these frameworks was to provide a broad guideline to enable uniformity in the discussion and working of multiple initiatives, to have a common base which by itself would throw up inconsistencies or difficulties thereby making the process more objective than subjective, to have the focus of discussion clearly with the 'end in mind' rather than meandering into different areas or get lost in irrelevant detail while one subject is being discussed and also to enable a guided thinking pattern for the entrepreneurs which would not only support them in thinking of how they can go ahead with formulation of ideas for ESH but also be helpful to them as a framework in their day to day business routine.

6.4 ENTREPRENEURS' SELF HELP GROUPS - ESH

Understanding the frameworks took a little while for the entrepreneurs and once they had the grasp of it, the first three frameworks for a meeting of ESH evolved.

6.4.1 ESH Monthly Meetings

TABLE 6.1
FIVE 'W' & ONE 'H' FRAME WORK OF ESH MONTHLY MEETINGS

What	Deliberation of ESH members in a periodic manner with a defined objective focusing towards attitude development, knowledge enhancement and honing the business skills.
Why	For Self-Development and Business development; to stimulate the entrepreneurs towards a positive attitude, restraining the negative; to develop the capacity of unlearning and relearning; to structure their businesses enabling professionalism and growth; to enable them adapt successful, updated business practices; to create a burning desire to grow and achieve and to transform the society / business community to do business with high levels of governance keeping a long term perspective.
When	Once in a month, in the evening, in a day when no festivals are there to enhance the maximum participation of the members (preferably Tuesday); time to be based on mutual convenience; flexibility should prevail in fixing the meeting date, time and frequency depending upon the availability of the dates of Successful Business Dignitaries, who may be invited to address ESH.
Who	Members of ESH; Special guest speakers and Consultants; Responsibility of coordination in rotation with a small core group.
Where	Auditorium with basic facilities like Air-condition, Good Furniture, Audio Visual systems of an apt size to accommodate members; a fixed location which is easily accessible is preferable for all the meetings.
How	Content and Format of the Meeting to include Attitude Development; Networking (Seating Layouts / Interactive games); Implementation of earlier learnings (Innovation / Knowledge sharing by the members); Knowledge Enhancement (New Management Concepts); Information on Latest Business and Economic development (Current Business Events / snippets / game changers); Agenda of the meeting to be clearly circulated beforehand.

TABLE 6.2

STAKEHOLDERS AND 'BEFORE-DURING-AFTER' FRAMEWORK OF ESH MEETINGS

Stake holders	Before Monthly Meeting	During Monthly Meeting	After Monthly Meeting
ESH Members	**New Member** – an entrepreneur who joins the group newly		
	Attends the meeting and may or may not be clear about the objectives of ESH	During the course of one year, he tries to compare his learnings with realities, tries to unlearn and relearn; tries to implement things learnt; faces objections while implementing new ideas; has the urge to be regular if he sees value and may get out of his mental blocks which hold him back from growth	On completion of a year, he experiences a change in his attitude; gains clarity of objective in his own business with reference to scope and scalability; has increased drive to grow; gains knowledge about the latest business trends. If no value is derived, he may get fed up and quit
	Existing Members – One who continues and crosses first year of membership		
	Attends the meeting with clarity in expectations; expects to fulfil his gaps from inputs in the meetings and knows what to expect by seeing the topic and synopsis in the invitation	Continuously tries to implement his learnings; widens his network; hones his skills; becomes aware of his attitude; becomes aware of the gaps between learnings and practical implementation and seeks solutions proactively	Gains strength and inner conviction in handling business realities; gains clarity in his role to overcome hurdles and succeed; develops mind set to accept, embrace and accommodate change; gains better knowledge about the latest business developments

Faculty (Consultants or Successful Entrepreneurs)	Consultant may not have a clear idea of the entrepreneurs' needs; Successful entrepreneurs visit based on a known entrepreneur member's request	Gets to know about the purpose over time; the introduction of faculty to the members induces their passion to contribute their best to the ESH members	Understands the requirements of the members better and may offer to contribute on a regular basis and get involved; may turn out to be business consultants or mentors over time
ESH member's Staff and his organisation	Should have been used to a traditional owner managed organisation	Organisation and its staff visibly see the change in their boss and how he changes from traditional style of management to professional.	Organisation moves with a goal and defined objective, trying to adapt to new business concepts and technology; Employees visualize the future of the organisation and get excited about their role in it as it grows.
Society		A group of entrepreneurs evolve with structured thought process; they can transform themselves and persuade others to transform with high levels of governance with an ambition to achieve.	Robust business entities are created in the society with a long term perspective and sustainability; this can make the society believe that change is essential for the growth of the business.
ESH Member's family	Thinks the meetings are 'club-kind' of activities meant only for socializing	Sees the change among the entrepreneur members and their talking about how others perform in business, economic changes etc. which was totally unusual earlier.	Develops confidence that members are striving to do some productive change in their business with an ambition to achieve and start respecting the same.

6.4.2 Atttitude Development in ESH

Since attitude development was identified as a major expectation, a detailed analysis of how that could be handled through ESH meetings was attempted next.

TABLE 6.3
FIVE 'W' & ONE 'H' FRAMEWORK FOR ATTITUDE DEVELOPMENT IN ESH MEETINGS

What	**Attitude** - An attitude is the psychological response to a person, an object, to a situation, to society and to life itself that generally influences our behaviours and actions. Attitudes are either positive (approaching life with optimism and confidence) or negative (approaching life with pessimism and timidity). **Developing a Positive Attitude** - Developing a positive attitude requires replacing negative thinking with positive thinking in an effort to create a successful outlook on life and experiences.
Why	To achieve success in both professional and personal aspirations
When/ Where	Regular Monthly meetings; Factory visits; Workshops; Overseas delegation
Who	Members of ESH
How	Motivating speech by group members; Attitude development book reviews by motivational speakers; Role plays of practical situations and Listening to and interacting with successful entrepreneurs

TABLE 6.4
STAKE HOLDERS AND 'BEFORE-DURING-AFTER' FRAMEWORK FOR ATTITUDE DEVELOPMENT IN ESH MEETINGS

Stake holders	Before Monthly Meeting	During Monthly Meeting	After Monthly Meeting
ESH Members	**New Member** Attends the meeting without clarity on objective of the meeting	**New Member** Is influenced to develop his positive attitude with perseverance on a continuous basis.	**New Member** Has a positive attitude inculcated and tries to approach his business and daily life with that
	Existing Member Is on track already	**Existing Member** Is continuously influenced to convert his positive attitude into actions.	**Existing Member** Is slowly transformed to be a good human and a successful entrepreneur.
ESH Member's staff and organisation	Should have been a traditional owner managed organisation	All employees in the organisation encouraged towards development of positive attitude which in turn helps to build a strong culture.	A strong culture within the organisation is built which transforms the company to have a robust culture and a sustainable work environment.
Society		A group of entrepreneurs with positive attitude evolve and they influence their peers to transform.	A society with entrepreneurs who have positive attitude augurs well for the socio economic growth of the region.
Member's family		Can observe the transformation of the entrepreneur into a positive individual.	The whole family particularly the youngsters can imbibe the positive qualities from observing and role modelling.

6.4.3 Networking Development in ESH Meetings

Another major area that the entrepreneurs needed to improve was on networking and how the ESH monthly meetings would help this is given through the frameworks.

TABLE 6.5
FIVE 'W' & ONE 'H' FRAMEWORK FOR NETWORKING IN ESH MEETINGS

What	Networking involves building and maintaining contacts and relationships with other people. The personal networks which one accumulates over time, both socially and professionally can be an invaluable resource to an entrepreneur
Why	Networking is the major form of interaction and knowledge sharing between members and is a great felt need amongst entrepreneurs in the MSME segment.
When and Where	Regular Monthly meetings / Factory visits / Workshops / Overseas Delegation; when the ESH member needs some critical contacts he can check out from the network both for sourcing and for marketing as well as for other business related aspects; when there is a need to bounce of ideas or issues
Who	Members of ESH; Consultants, faculty who visit ESH; Local authorities who can be contacted through ESH; Industry bodies; Established successful entrepreneurs; peer group which has the same wavelength; people outside the business who bring a different perspective
How	Introducing other members when they join ESH; Designing the seating and organising games/ competitions to trigger networking

TABLE 6.6

STAKE HOLDERS AND 'BEFORE-DURING-AFTER' FRAMEWORK FOR NETWORKING IN ESH MEETINGS

Stake holders	Before Monthly Meeting	During Monthly Meeting	After Monthly Meeting
ESH Member	Doesn't know/ knows a very limited circle	Gets chance to meet so many people from different backgrounds	Knows a lot of people from various fields and gets enriched with the interactions
Steering Committee	Sharing of information is difficult. Word to mouth works in a limited way	Ensures maximum participation and encourages networking in innovative ways	Evangelizes ESH as a method for improving networking and thereby building social acceptance; confidence is gained in the process

6.4.4 Sharing of Learnings Implmentation in ESH Meetings

While learning would happen through the monthly meetings of ESH, it becomes important to check whether those learnings are actually applied in real life situations. Only when they are actually applied would more learning follow and the reinforcement of concepts happen. Also, successful implementation would prove to be a motivator for other entrepreneurs to try it out in their businesses.

TABLE 6.7
FIVE 'W' & ONE 'H' FRAMEWORK FOR SHARING OF LEARNINGS IMPLEMENTATION IN ESH MEETINGS

What	To have programs displaying the implementation of learnings of the ESH members in their business and check out efficacy of application
Why	Members do lot of innovation and concepts implementation that are learned from ESH. They would get benefitted from it and would be willing to share those results. These 'live' implementation examples will act as a trigger and motivation for other members to implement what they learn in ESH as they would relate to it readily and would see them as practical too.
When	When members need practical knowledge on adopting the learning; when many members have experienced the results and they are ready to evangelize the experience; when ESH Members learn a concept but find it difficult to implement and when there is a gap in locating how theory can be translated in practice
Who	Members of ESH who have actually implemented earlier and Members who need to understand practically the implementation
Where	Regular Monthly meetings and Factory/ office visits
How	Members would have an opportunity to present their implementations of their learnings – they would share it in the vernacular comfortably; Videos can be used where a member explains and shows the implementation of learnings and benefits in his organisation

TABLE 6.8
STAKE HOLDERS AND 'BEFORE-DURING-AFTER' FRAMEWORK FOR SHARING OF LEARNINGS IMPLEMENTATION IN ESH MEETINGS

Stake holders	Before Monthly Meeting	During Monthly Meeting	After Monthly Meeting
ESH Members (who learn)	May think that the learnings could only be of theoretical value	Get to see the sharing of members who have actually implemented in their businesses	Gain confidence to translate learnings into application in their own business
ESH Members (who share)	May learn more in the process of preparation for sharing with the larger ESH group	May have a feel good factor in presenting and may get a feeling of being recognized, may develop confidence when they are able to answer queries	May feel very motivated about the recognition received through the presentation and have their ideas reinforced

6.4.5 Sharing of Knowledge Enhancement in ESH Meetings

TABLE 6.9
FIVE 'W' & ONE 'H' FRAMEWORK FOR KNOWLEDGE ENHANCEMENT

What	**Knowledge Enhancement**: Training the mind to increase its capacity of intelligence for strategic thinking, innovative exploration and opportunity exploitation with facts, information and skills acquired through education or experience; theoretical or practical.
Why	A firm's competitive advantage depends more than anything on its knowledge, to be slightly more specific, on what it knows —how it uses what it knows—and how fast it can know something new.
When & Where	Regular Monthly meetings, Factory visits, Workshops and Overseas Delegation
Who	Members of ESH; Consultants, faculty members; Successful entrepreneurs
How	Sharing of concepts through discussions, videos and Interaction with consultants, guest faculty, successful entrepreneurs

TABLE 6.10
STAKE HOLDERS AND 'BEFORE-DURING-AFTER' FRAMEWORK FOR KNOWLEDGE ENHANCEMENT IN ESH MEETINGS

Stake holders	Before Monthly Meeting	During Monthly Meeting	After Monthly Meeting
ESH Member	**New Member** Attends meeting without having clarity on what to expect	**New Member** Learns about few new business concepts but may still not be sure about how to apply	**New Member** Understands quite a few concepts over time and gets enriched with knowledge
	Existing Member Has already been exposed to quite a few business concepts	**Existing Member** Based on the constant motivation received, attempts to implement a few concepts and gives feedback in the forum	**Existing Member** Practises and attains the benefits of the knowledge by actually applying them in his work life
ESH member's Staff and his organisation	Should have been an owner managed organisation with traditional practices	The employees are exposed to new business processes which the ESH member has learnt from the forum; this makes the work culture more vibrant and innovative	Decision making and implementation are based on proven and successful management concepts rather than relying only on traditional business acumen and experience

6.4.6 Sharing of Information Updates in ESH Meetings

The dimensions of information updates are given in the following framework.

TABLE 6.11
FIVE 'W' & ONE 'H' FRAMEWORK FOR INFORMATION UPDATES

What	**Information on latest business and economic development**: Information about the happenings in the global economy, new innovations or discovery, unique business models, political impact that may affect business positively or negatively, directly or indirectly, either in short term or long term.
Why	To know how business will be in the long term and plan accordingly; to survive and sustain; to scale up; to prepare for change and to adopt new techniques and technology
When/ Where	Regular Monthly meetings; Factory visits; Workshops and Overseas Delegation
Who	Members of ESH
How	Snippets; Presentation of the current business events and Game Changers

TABLE 6.12
STAKE HOLDERS AND 'BEFORE-DURING-AFTER' FRAMEWORK FOR INFORMATION UPDATES IN ESH MEETINGS

Stake holders	Before Monthly Meeting	During Monthly Meeting	After Monthly Meeting
ESH Member	**New Member** Attends the meeting without clarity on what to expect as information update	**New Member** Listens with curiosity but may not initially know how the information impacts his business	**New Member** Realizes over time that what is happening around in the environment has an impact on his business
	Existing Member Realizes the importance of updates and how it impacts his business in some form or the other	**Existing Member** Learns to correlate the information obtained during the meetings with his business environment at the macro level	**Existing Member** Learns how to relate his business with industrial growth in the macroeconomic and microeconomic scenes foresseing its impact on his business
ESH member and his organisation	Organisation is used to a traditional style without too much of understanding of impact of macro factors	Staff are sensitized to changes that may have to be foreseen and the organisation geared up for handling such changes	Organisation is prepared for the change or the impact that comes with changes in the macro environment – is proactive to respond suitably to the dynamic business environment and the challenging market needs

6.4.7 Content of the Meeting and Suggested Formats

A workshop day was completely devoted to understand the content of the meeting and the various formats in which they could be addressed. The result of that workshop has been covered in Table 6.13.

TABLE 6.13
BROAD HEADS AND CONTENTS TO BE COVERED FOR THE ENTREPRENEURS IN THE MSME SECTOR IN MADURAI DISTRICT

Attitude development	Observation and awareness Risk awareness and risk handling Opportunity recognition Openness, learnability and flexibility Internal motivation and passion Action orientation, drive and self-initiation Self-confidence and conviction Trustworthiness Composure and self-presentation Creativity and innovation Moral courage Dealing with ambiguity
Skills Development	Time management Goal setting and result orientation Decision making, problem solving, process orientation Organising, Coordinating, Delegating, Controlling Communication (Speaking, Listening, Body language & Writing) Interpersonal skills, Coaching, Counselling and Mentoring Negotiation and conflict resolution Presentation, Conducting meetings Team work, Team building, Consensus building Leading, Motivating, Big picture and strategic thinking

Knowledge Development - Strategy	Competition Analysis skills; Trends/ Climate analysis skills Defining quality policy Defining and managing the roles of the top management Setting and managing the board or team of driving members Clarity on year on year business plan Review of core strategies & correction Managing deviations from the basics Matching resources for Strategies/ business plan
Knowledge Development - Finance	Project planning and fund requirement analysis Fundraising knowledge and skills; managing funds Goals Vs. Funding – analysis Book keeping methods Banking procedures and getting assistance from banks Managing the budget and budget deviation analysis Managing Cash flow; Credits & collections management Understanding and analysis of financial statements Cost cutting and cost reduction
Knowledge Development – People Management	HR skills for the business plan, policies, procedures Recruitment, Interviewing, separations Work flow in organisations Defining roles and responsibilities Training new recruits and orientation Performance management and compensations systems Rights and discipline, motivation, conflict management Setting up teams, hierarchical systems Effective delegation Second line leadership development Managing group dynamics Setting and nurturing organisational culture

Knowledge Development – Sales and marketing	Professional marketing concepts and application to business Analytical skills of marketing strategies Impact of competition and methods of dealing with them Understanding target segment to plan marketing strategies Sales techniques and applying them to products/ services Application knowledge of positioning, market focus etc. Branding concepts Public Relations Management Pricing and discounts Distribution/ Channels systems management Effective Negotiation ability Presentation/ Demonstration skills Writing Proposals convincingly Applying Innovative thinking Use of technology in marketing Customer relationship management, loyalty development
Knowledge Development - Operations	Procurement management system Coordination system of functions of organisation Management of Product development/ Service delivery cycle Quality Management Systems required for operations Effective Inventory management skills Logistics management Effective design and configuration of facilities Effective Capacity utilization based on trends and situations Safety systems management Ambience/ cleanliness management Customer Relationship Management Infrastructure & facilities management Comprehensive Administrative systems

Knowledge development – Statutory compliances	Company constitutional laws and regular procedures Handling Commercial taxation/ VAT procedures Handling Service Taxation procedures Handling Customs & Central Excise procedures Handling Income Tax procedures Handling Labour laws and procedures for ESI & PF Handling Pollution control laws and procedures Identifying the right consultants Procedures for doing business with other states Procedures for doing International business Various supporting agencies of Government Level of personal involvement in solving statutory issues Ability of consultants Transparency of statutory systems procedures
Knowledge development – Information and communication technology	Legal software policy management Effective software management for accounting and inventory Payroll processing CRM (Customer Relationship Management) SFA (Sales Force Automation) Production / Project Management Application of Internet based communication Web presence & e-commerce for the business Data security Documentation Management Technology aided marketing Internet as a knowledge development source Adoption of Open Source Technologies Right hardware infrastructure for the business Comfort / satisfaction level in incorporating IT in business
Networking	Art of Networking Adopting technology in networking Building mutually beneficial and professional relationships Using social networking in business Learning how to start a conversation Art of open mindedness in networking Networking as a continuous process

Implementation of learnings from ESH	New concept implementation Innovation Radical Growth New Business Model Expansion Technology adaptation People management handling Business travel and related learning Implementation of all aspects covered in the list above
Information updates	Recent developments in the business environment Policy changes Emerging new business concepts or models Financial news and macro-economic factors International developments – political, economic, social

It was agreed that the monthly meetings should be done in such a way to make the combination of activities more interesting, ensure that the expectations of the members are taken care of and the objectives of the ESH format are achieved. This in turn meant that the following principles should be the guiding principles for the meeting:

- Focus on the attitude development of the entrepreneurs
- Focus on enhancing networking between the members
- Focus on easily understandable format for members
- Focus on demonstrative formats
- Focus on enrichment of information for the members
- Focus on meetings or formats which are participative and interactive

6.5 CLUSTERS

While the ESH would have a large group of members, it was felt that more effective learning could happen in smaller groups in the form of ‘clusters’. One day was spent on how clusters could be formed and how effective they could be and the Tables 6.14, 6.15 and 6.16 illustrate the deliberations captured for plan of action:

TABLE 6.14
CROSS LEARNING CLUSTERS

What	A Cluster is a small group of ESH Members, who would meet to discuss business related topics in detail.
Why	Cluster is the next stage of ESH meetings, topics are discussed in detail for better implementation and review of the implementations.
When	A Cluster meeting should be conducted minimum once or maximum twice in a month.
Where	A Cluster meeting can be conducted at any of the members office or in a convenient common place
Who	About six to eight (not more than ten) ESH members; closer the team, openness will be high and involvement and interactions better Members from different industry could be in a cluster for cross learning
How	Cluster meeting to be conducted as per Table 6.16.

It was felt that it is important to have some basic understanding on the part of the entrepreneurs to be a part of cross learning clusters and benefit from the same. The possible belief systems had to be instilled in the cluster members so that there is consistency across how they understand the importance of this learning mechanism and derive the intended benefits from the learning opportunities.

TABLE 6.15
BELIEF SYSTEM OF AN ACTIVE CLUSTER MEMBER

1	Cluster is a powerful tool to improve my business and shouldn't be regarded as a non-business activity
2	Sharing multiplies learning
3	Initiatives should be owned by each individual and each entrepreneur should take responsibility
4	Everyone's time is precious. Late coming or not attending a committed meeting is not acceptable
5	Even though all discussions are very important & related to business, those not focussed on the agenda would be unproductive. Sticking to agenda is important and respect for the entrepreneurs involved.

There was a discussion on how some minimal standards would have to be set if this cluster has to be effective in its functioning and hence a set of meeting etiquette was evolved to ensure that the maximum benefit is derived from the cluster. This was being discussed as training ground for basic entrepreneurial discipline to be applied in routine business life also. A fifteen points etiquette list was finalized.

TABLE 6.16
CLUSTER MEETING ETIQUETTE

1	The chairperson of the meeting should circulate a meeting agenda to each participant at least one week in advance. The chairperson and concerned participants will then have time to determine if changes need to be made.
2	Arrive to the location of the meeting at least 15 minutes prior to the meeting
3	Dress appropriately. Being with professional attire is important. Take extra care when it comes to your foot wear and socks. These are to be practised as entrepreneurial discipline
4	Always come prepared. Homework is important and also shows the interest and commitment for the meeting
5	Always make a note of what is being discussed. Give your full attention
6	Allow others to speak first. If you have a valid input, wait for your turn and then say it out clearly. Don't force anyone to accept your views. If you are giving a presentation make it crisp and interesting to avoid your colleagues dozing off in the middle
7	Do not pass any rude comments on others' opinion or ideas. Always be polite and let them know why you do not agree with their perspective and explain it to them gently.
8	Avoid having a private conversation with your colleagues while the meeting is going on.
9	Turn off your mobile phone or have it on silent mode. If you really have to pick up a call in case of emergency excuse yourself and continue the conversation outside the meeting area.
10	If the information being discussed is sensitive or classified then make sure it stays inside the discussion area.
11	If you do not have any idea on the particular topic listen carefully and make a note as it is said, for clarification afterwards.
12	Meetings shall have convenient breaks.
13	Avoid nervous habits such as tapping a pen on the table, making audible noises with your mouth, rustling papers or tapping your feet on the floor.
14	Do not bring unannounced guests to a meeting. If you have someone you would like to bring to a meeting, contact the chairperson for permission to bring your guest. If permission is not granted, then do not bring him.
15	Any member from other successful clusters might be invited to their cluster meet in person or team to guide the new teams.

It was also discussed that there would be a need for a ‘cluster in-charge’ who would motivate all the ESH members to participate in cross learning cluster activities. It would be important for the ‘cluster in-charge’ to ensure that the members know the importance of clusters, the procedures about a cluster meet, the meeting etiquette, the importance of participation to ensure success of clusters, the mental blocks and external hurdles that need to be tackled to ensure continuous attendance and the ways and means of handling those blocks and hurdles.

6.6 ENGAGING CONSULTANTS FOR ESH MEMBERS

Experts in a particular field of activity who by virtue of their knowledge and experience tend to specialise in a specific area can provide advice to their clients, thereby becoming consultants. Given that the ESH members would need a lot of support and guidance in their growth path, the need to engage consultants was explored in the workshop.

MSME entrepreneurs are normally promoters who run their organisations without the support of highly qualified professionals as employees. They may not be able to afford them or could have difficulty in handling and managing them. Moreover, these organisations could be managed in a traditional and conventional way without the advantage of being exposed to modern business practices. There is a higher possibility that they engage employees with minimum qualification but home grown experience. The advantage could be high loyalty but they may lack innovative and creative thinking due to inadequate exposure.

If a promoter wants to capitalize on the potential that his business has and wants to grow, it is imperative that all the functions of the organisation will have to stretch. The ability of the promoter to manage such growth will decide the pace and quality of the growth. About 69 per cent had conceded their difficulty in the phase of expansion in the ‘entrepreneurial business related attitude part’ of the questionnaire.

During the growth period, employing highly qualified and experienced professionals could prove to be a challenge for the MSME promoters as it is difficult to keep them excited and motivated and retain them till the business grows to a particular size. At the same time, if only home grown (low cost) employees are used during the phase of growth, internal controls and quality parameters may be compromised which will result in strained routine and stressful decision making process. During this interim period, the role of external consultants may be helpful in streamlining various functions or processes and bring in certain stability in handling them.

Consultants could be helpful in supporting the entrepreneur manage his time better during the growth phase by bringing in support in the following areas - People management, Processes management, Infrastructure related expertise, Finance and accounting systems management and Management review mechanisms. However, it is important to identify consultants who will not only provide advice but who will handhold implementation also. Consultants, who actually act as extended arm in various functions of the organisations, if available, would be the most suited for the transformation phase.

The entrepreneurs must ensure they get a good fit with consultants by getting good referrals while checking by word of mouth, checking out on the commitment and style of functioning, clarifying expectations to the maximum extent possible upfront, ensuring local knowledge and native connectivity is there for the consultant, checking out on delivery capability within time frames agreed upon, ensuring qualitative and quantitative parameters are set and insisting on periodic review mechanisms being planned. It may be important for the entrepreneur to support the consultant and work towards a ‘win-win’ situation as at the end of the day, it is about change management. It was felt that the ESH group would empanel consultants based on specific criteria in various domains from which its members could draw support from, when needed.

6.7 INTERNATIONAL DELEGATIONS FOR ESH MEMBERS

The entrepreneurs felt that trips to international destinations can be undertaken in groups to facilitate learning and understanding the other country's business opportunities, culture, technology, developments and updates other than having leisure to visit important places of tourism.

The main objectives would be to explore business opportunities, learn and understand the business culture, meet and interact with entrepreneurs in that country, get exposed to the updated business developments, build relationship with trade associations, create inter and intra networking and explore the country as a tourist/leisure destination. The frameworks were worked out for international delegations and business trips.

TABLE 6.17
FIVE 'W' & ONE 'H' FRAMEWORK FOR INTERNATIONAL DELEGATIONS

What	Members interested to visit an international destination to facilitate learning and understanding that country's business opportunities, culture, technology, development and visit important places of tourism
When	Once in two years; When climatic conditions are suitable
Why	To explore business opportunities; to learn and understand the business culture; to meet and interact with young entrepreneurs; to visit business organisations and industries; to learn business processes and best practices; to network and to explore the country
Who	Members of ESH in a group not exceeding 50 members
Where	Country with good business potential; with entrepreneurial drive, particularly MSME; with good commercial and political equations with India and with good GDP growth
How	Choosing the country; fixing the tour coordinators; planning the trip; fixing the theme of the delegation; initial & routine communication and meetings with the delegates; fixing the size of the delegation; collection of the tour cost; coordinating with the tour operator; communication to the embassies; delegation hand-outs and accessories; fixing legal consultants to handle legal issues; on tour operations; crisis management; awards and recognitions; health and medical facilities; accounts and refunds; video, photography and documenting

6.8 RESIDENTIAL WORKSHOPS FOR ENTREPRENEURS

During the course of discussions it emerged that there are certain topics which are of utmost important and the entrepreneurs need to be exposed to them holistically and at the earliest to enable them have a grasp of the business from a bird's eye view perspective. It was felt that such a possibility can be envisaged only through residential workshops. A broad set of guidelines were laid out for the residential workshops that would determine the structure and style in which they would be run to ensure the entrepreneurs derive the maximum benefit from them.

The residential workshop would be built around a main subject which offers each participant the opportunity to look at issues that have occurred in their business and the possibility of working towards a solution. A group of entrepreneurs staying together in a resort for the purpose of learning would ensure their participation and full time attention to learning. It may be during specified weekends for not more than two days at a time.

A set of related topics would be covered by subject experts/ consultants through lectures, discussions, exercises, skits, videos, games, activities and assignments. It would be ideal to have a minimal of two faculty members to handle the sessions with variety. The broad area of topics to be covered would be under the areas of People management, Finance and accounts management, Marketing management, Strategy, Soft skills and Personality development.

This would also prove to be an opportunity for entrepreneurs to network better formally and informally. The entrepreneurs will also be able to interact with the faculty members/ consultants off line to have a broader understanding of the subject with specific applicability needs for their business.

6.9 MENTORSHIP FOR ENTREPRENEURS

The concept of mentorship was also explored in the workshop. If a set of successful entrepreneurs in Madurai could be located who could provide their time and support developing entrepreneurs, a good mentoring system could be in place which will be of invaluable support to the entrepreneurship ecosystem in the district. This is an idea which may need concerted effort by the group of entrepreneurs to locate a set of such mentors and ensure that they have a 'win-win' relationship developed. The MSME sector entrepreneurs had mentioned that 'support and guidance' was one of the areas that they missed in the structured interview process. They completely understood the importance of mentoring relationships and were open to explore this for their own benefit and gain in the entrepreneurial journey. It was decided to take this up as the next phase after the initial initiatives are attempted and implemented.

6.10 'MINIMUM VIABLE PROCESS' AND WAY FORWARD

Based on the concept of 'Minimum viable product' (MVP) in software, the concept of 'Minimum viable process' was introduced in the workshop. This was for the set of twelve entrepreneurs to experiment with the ideas discussed during the workshop. The concept of 'minimum viable process' was to experiment with some process in a small way to see how it works and observe the process and its results. Then, a feedback is taken on what went on well during the process, why one feels it went on well and how that positive effect can be sustained. Feedback is also collected on what could have gone off better during the process, why it is thought that it could have been in a better way and how it can be improved – suggestions for betterment and learnings thereof.

Ideas relating to some aspects – Monthly ESH meetings including attitude development, networking, sharing of learnings from implementation, knowledge enhancement and information updates and formation and working of clusters - could be tried out during the nine month period with enthusing

results from the participants. This reinforced the beliefs and gave entrepreneurs the confidence that the 'self-service' concept indeed works. On using consultants, planning for international delegations and having residential workshops, the MVPs are yet to be implemented, while the ground rules seem to be set.

6.11 CONCLUSION

Given the three groups of determinants that have been identified relating to the sustainability of entrepreneurship in the MSME sector, the first set of 'Enabling determinants' (capital, location, labour and marketing process) would vary according to the business and hence were not handled in the workshop with the entrepreneurs. However, the set of 'Driving determinants' (accessibility factors, social factors and motivational factors) and the set of 'Propelling determinants' (knowledge, skills, approach, attitude and support, guidance) had been discussed threadbare and mechanisms and frameworks evolved to support the same.

TABLE 6.18
WAY FORWARD FOR 'DRIVING' DETERMINANTS

No.	Factors	Handled through
(1)	**Accessibility**	Monthly meetings – Networking and knowledge updates; Exposure to consultants and residential workshops; Exposure to learnings from clusters
(2)	**Social**	Monthly meetings – Networking and attitude development; International delegations and Cross learnings from clusters
(3)	**Motivational**	Monthly meetings – Networking and attitude development; Learnings from sharing of successful implementations; Learnings from clusters and Residential workshops

TABLE 6.19
WAY FORWARD FOR 'PROPELLING' DETERMINANTS

No.	Factors	Handled through
(1)	**Applied knowledge**	Monthly meetings –Implementation sharing and updates; Exposure to consultants and residential workshops; Exposure to cross learnings from clusters
(2)	**Business management skills**	Monthly meetings and Cross learnings from clusters Exposure to residential workshops
(3)	**Entrepreneurial approach**	Monthly meetings – Networking, Implementations sharing; Cross learnings from clusters and Exposure to consultants; International delegations
(4)	**Entrepreneurial personal attitude**	Monthly meetings – Attitude development, Networking; Cross learnings from clusters and residential workshops
(5)	**Entrepreneurial Business attitude**	Monthly meetings – Attitude development, Implementation Sharing, Knowledge enhancement and Networking; Cross learnings from clusters, International delegations
(6)	**Support and guidance**	Exposure to residential workshops and consultants; Mentor relationships, Cluster relationships and networking

Since 'Minimum viable processes' have been tried out during the nine month period and the entrepreneurs have got a taste of how they can learn through 'self-help', they would be motivated to continue with this and scale it up in the days to come. Given that enough of thought has been given to the various determinants and the entrepreneurs themselves have been informed in the workshops to come up with solutions, these would be practical and doable in their current circumstances. It is earnestly expected that this multi-pronged approach of handling the various driving and propelling determinants of entrepreneurship would be a sincere step in the direction of ensuring sustainability of entrepreneurship in the MSME sector in Madurai district.

7.1 INTRODUCTION

The researcher has attempted in this report to analyse the demographic profile of the MSME entrepreneurs of Madurai and the impact of demographic profile on the various determinants of entrepreneurship, categorised as business, driving and propelling determinants. A further attempt has been made to analyse the perception of comfort of the MSME entrepreneurs in Madurai with regard to the various determinants of entrepreneurship, again categorised as business, driving and propelling determinants and to identify areas where MSME entrepreneurship is strong and vibrant in the district and areas where there are gaps that need to be bridged to make the eco-system more confident and self-sustaining.

Based on this, means and methods by which such learning can happen have been suggested. A framework has been provided by which the determinants of entrepreneurship can be handled for the MSME entrepreneurs so that they get exposed to the relevant knowledge and move up the Bloom's taxonomy pyramid to become capable of making sound judgments appropriate to the situation at hand. Once the entrepreneurs move up with confidence from their basic 'knowledge level' to 'evaluation level' and are confident of decision making, their entrepreneurial journey is de-risked substantially. The report concludes with recommendations for the Madurai MSME entrepreneurship becoming a self-learning and self-serving eco-system, thus ensuring its sustainability and growth over time.

7.2 SUMMARY OF FINDINGS

The main findings of the study are as under

7.2.1 Demographic Profile of a Representative MSME Entrepreneur in Madurai

Based on the analysis of the demographic details collected from the structured interview with the MSME entrepreneurs, the typical profile of an MSME entrepreneur in Madurai emerges as in Table 7.1.

TABLE 7.1
TYPICAL DEMOGRAPHIC PROFILE OF AN MSME ENTREPRENEUR IN MADURAI DISTRICT

No.	Demographic detail	Typical respondent
1	Gender	Male
2	Qualification	Prof degree/ degree
3	Age	36 to 45 years
4	Marital status	Married
5	Family type	Joint family
6	Nature of business	Manufacturing or Trading
7	Industry focus	Small scale product
8	Business established year	Around 2000 or 2001
9	Organisation before/ after marriage	Business started after marriage
10	Family involvement in business	Family would be involved
11	Father's/ guardian's occupation	Business
12	Other sources of income	No other source of income
13	Value of additional income	Below Rs.10,000/- p.m
14	Range of monthly income	Rs.50,000/- to Rs.1,00,000/- p.m
15	Knowledge about entrepreneurial environment	Mainly from trade fairs and exhibitions
16	Idea to commence business	From friends, for those who have not joined family business
17	Initial seed capital for business – own	Parent's assets
18	Initial seed capital for business – loan	Bank loan
19	Own capital range	Below 25 lakhs
20	Capital towards fixed nature	10 per cent to 20 per cent of own capital
21	Amounts borrowed from banks	Below 25 lakhs
22	Amounts borrowed from financial institutions	Below 25 lakhs
23	Amounts borrowed from others	Rs. 25 lakhs to Rs. 50 lakhs
24	Number of skilled labour	Less than ten
25	Number of semi-skilled labour	Less than ten
26	Number of unskilled labour	Less than five
27	Number of managerial staff	Less than five

One aspect that stands out in Table 7.1 is that while the family would have been involved in business for a representative respondent, the inputs on entrepreneurship environment is gathered from trade fairs and exhibitions, attending seminars and visit to industries. Also, even if the father or guardian is involved in business, the peer group influence is very high in influencing the commencement of business. This leads to some powerful insights

- There is no structured or unstructured learning from within the families for entrepreneurs from business families and their learning happens from their ability to absorb from the opportunities in the external environment.
- Entrepreneurs are open to learn from opportunities that are made available to them through fairs, exhibitions, seminars, industry visits, conventions and the like.
- Peer group influence is high in the MSME entrepreneurship arena and hence peer group learning can prove effective as a corollary.
- Even where entrepreneurs are from business families, they may be starting a new line of business, the demands of which both in terms of knowledge and parameters of implementation could be different from what the normal family business is exposed to.

7.2.2 Impact of Demographic Profile on Determinants of Entrepreneurship

A detailed analysis of the various demographic details on the determinants of entrepreneurship has been done and summed up in Table 7.2 to summarize all the findings and draw some general inferences from them. Hereinafter, an attempt is being made in the table below to summarize all these findings and draw some general inferences from them. The demographic particulars have been listed on the Y axis of the table while the various determinants of entrepreneurship have been listed on the X axis.

TABLE 7.2
SUMMARY OF VARIOUS DEMOGRAPHIC DETAILS AND THEIR IMPACT ON THE DETERMINANTS OF ENTREPRENEURSHIP

H_0: There is no significant impact on the determinants of entrepreneurship with respect to the variations in the demographic profile.

Particulars	Accessibility	Social	Motivational	Knowledge	Bus skills	Approach	Per attitude	Bus attitude	Support	Accepted	Rejected
Age	A	R	R	R	R	R	R	R	A	2	7
Gender	A	A	R	R	R	R	R	A	A	4	5
Qualification	R	R	A	R	R	R	R	R	R	1	8
Marital status	A	R	A	A	A	R	A	A	A	7	2
Family size	A	R	A	R	R	R	R	R	A	3	6
Nature of business	R	A	R	A	A	A	A	A	A	7	2
Industry focus	R	R	R	A	R	A	R	R	R	2	7
Age of organisation	R	R	A	R	R	R	R	R	R	1	8
Before/ after marriage	A	A	A	A	R	R	A	A	A	7	2
Family involvement in business	R	A	R	A	A	A	A	A	A	7	2
Father's occupation	R	R	R	R	R	R	R	R	R	0	9
Other source of income	R	R	R	R	R	R	R	A	R	1	8
Range of other income	A	R	R	A	R	R	R	R	R	2	7
Value of monthly income	A	R	R	A	R	R	R	R	A	3	6
Knowledge about business	R	R	R	R	R	R	R	R	R	0	9
Idea to commence business	R	R	R	R	R	R	R	R	A	1	8
Accepted	7	4	5	7	3	3	4	6	9	48	
Rejected	9	12	11	9	13	13	12	10	7		96

Where the null hypothesis is accepted, it is shaded in green with an 'A' symbol and counted both along the X and Y axes. Where the null hypothesis is rejected, it is shaded in yellow with an 'R' symbol and counted again both along the X and Y axes. Without allotting any specific weightage, the demographic profile factors and the determinants of entrepreneurship have been shaded green or yellow based on the majority of the entries in that row or column.

The summary of inferences from Table 7.2 can be looked at from the demographic profile dimension and the entrepreneurship determinants dimension.

- From the demographic profile dimension, null hypothesis is rejected in the case of **twelve** factors and hence conclusion drawn therefrom that these have a significant impact on the determinants of entrepreneurship – age, gender, qualification, family size, industry focus, age of organisation, father's/ guardian's occupation, other sources of income, value of other source of income, range of monthly income from business, source of knowledge about business and source of idea to commence business.
- Null hypothesis is accepted in the case of **four** factors and hence conclusion drawn therefrom that they do not have a significant impact on the determinants of entrepreneurship - marital status of the entrepreneur, nature of business, whether business was started before or after marriage and family involvement in business
- From the entrepreneurship determinants dimension, null hypothesis is rejected in the case of the following **eight** factors and hence conclusion drawn therefrom that they are significantly impacted by variations in the demographic profile of entrepreneurs - accessibility factors, social factors, motivational factors, applied knowledge, business skills, entrepreneurial approach, entrepreneurial personal and business related attitudes.

- Null hypothesis is accepted in the case of only **one** factor – support and guidance for the entrepreneurship journey and hence conclusion drawn therefrom that this is not significantly impacted by change in demographic profile.

It is concluded that the demographic profile of an MSME entrepreneur is important to understand as variations in the profile have a significant impact on almost all the determinants of entrepreneurship.

7.2.3 Determinants of Entrepreneurship as Perceived by the MSME Entrepreneurs of Madurai District

7.2.3.1 Enabling determinants – Seed capital

- The top ranked feeling is "that seed capital gives confidence and paves the way for sustained growth". Corroborating this, the entrepreneurs seem to understand the importance of seed capital and the least ranked is "that even without seed capital, one can start a business and grow it".
- 62 per cent entrepreneurs feel that they have started their business with sufficient seed capital and it is heartening to note that they have understood the importance of seed capital also. However, about 38 per cent entrepreneurs feeling that the seed capital hasn't been enough is not a healthy signal.
- There seems to be a lack of understanding of the relationship between seed capital and loan funds leading one to conclude that the concept of financial leveraging is not very clear to the entrepreneurs. Therefore, there may be a situation where they feel that they are not able to raise funds from the banks or other institutions without understanding how capital adequacy or leveraging ratios are being looked at.
- There are quite a few entrepreneurs who have obtained or seen other entrepreneurs obtaining seed capital based on a feasible business project and/or innovative ideas. However, in the total population, this is less than 50 per cent.

There are other entrepreneurs who may not have sufficient exposure to drafting a feasible business project and may not be aware of its importance in the initial stage of the business.

- Also, innovative ideas alone cannot get seed capital; the innovative ideas must be translated into a business project and a financially feasible one at that; sometimes entrepreneurs tend to believe that something that is innovative by itself translates into a good business idea which is not always the case.

7.2.3.2 Enabling determinants – Current capital

- The need to know financial management ranks the highest under the head of 'current capital' while the feeling that loans are available only for a short period and immediate repayment is insisted upon ranks the lowest.
- 64 per cent of the entrepreneurs believe that their current capital is not adequate to carry on their business while 36 per cent feel that their capital is adequate.
- A substantial 58 per cent are not confident of raising funds to meet their capital requirement gaps.
- About 42 per cent of the entrepreneurs think that capital is effectively utilised while about 58 per cent think that it is not effectively utilised. Since this is only a descriptive feeling of the entrepreneurs' view on the capital utilisation, it is not known on what basis they have come to this conclusion.
- It is interesting to note that 63 per cent do not feel bank formalities are complicated or funds are delayed affecting the business. This shows that on a running basis, performing businesses are able to raise loans from the bank and are comfortable with the time lines by which they are sanctioned and do not find the formalities cumbersome. This is a positive sign which is a 'must have' to ensure sustainability of entrepreneurship in the region

- 68 per cent of the entrepreneurs believe that loans are available for a comfortable period of time. This again shows that the relationship between the bankers and the entrepreneurs is perceived well and is a positive and healthy sign for the sustainability of entrepreneurship in the region.
- Entrepreneurs understand that capital is only one factor of production for a successful enterprise and cannot substitute for all other ingredients that together make up a good enterprise.
- While 48 per cent understand the need of knowledge in financial management, a little more than half the entrepreneurs, at 52 per cent don't seem to perceive its need at all. This observation is a little discomforting as an entrepreneur needs to own his numbers and understand them well to ensure the financial strength of the organisation which in turn will lead to the sustainability and growth of the enterprise.

7.2.3.3 Enabling determinants – Location

- The mean of the statements range from as low as 2.77 (cheap land with wide area is generally enough, location doesn't matter) to as high as 4.27 (location plays a significant role in business). Interestingly, these statements are almost the opposites of each other at two extremes.
- The entrepreneurs clearly understand that location plays a significant role in business which means they would be conscious to locate it in the appropriate place even at the outset.
- Most of the entrepreneurs do realise that if the location is appropriately selected at the outset, this can lead to substantial savings in costs.
- Location is viewed more as a factor for nearness to markets and customers and to save costs, rather than for the ability to procure material and labour.
- Entrepreneurs do understand that while product quality has to be maintained for customer delight, location also plays a substantial role in the sustainability of the business.

- Only 44 per cent believe access to city limits is important for their business while 56 per cent don't think so. Where the entrepreneur is primarily involved in manufacturing, the location may even be out of city limits. In the case of trading, where there is primarily warehousing and wholesale activity, city limits would not be a mandatory factor while if the trading involves showroom space and retail trading, access to city limits is quite an advantage. For service businesses, being within city limits would provide a significant advantage too.

7.2.3.4 Enabling determinants – Manpower dimension

- The range of mean varies from a relatively high 4.36 (where the entrepreneurs agree that people management knowledge is a major factor for success in business) to a relatively low 3.05 (where the entrepreneurs thereby indicate that cheap labour is not available).
- Only 20 per cent of the entrepreneurs believe cheap labour is available while 80 per cent don't think so. This may mean that generally labour is not available at all or labour is available but at higher than nominal rates.
- While 30 per cent believe skilled labour for their industry is available, 70 per cent feel the insufficiency of skilled labour.
- 68 per cent of the entrepreneurs see the importance of people management to succeed in their business while only 32 per cent do not see this as a major factor.
- 57 per cent of the entrepreneurs understand the need for full-fledged training for the manpower recruited.
- While the entrepreneurs substantially agree that all recruited labour require full-fledged training, it is interesting to note that 64 per cent do not think training involves high costs.
- While 44 per cent of the entrepreneurs agree that their manpower is supportive and trustworthy, about 56 per cent think otherwise.
- 78 per cent of the entrepreneurs find tackling their labour a little

difficult and this is not a comforting sign for the sustainability of entrepreneurship.

7.2.3.5 Enabling determinants – Marketing dimension

- The range of statements varies from the highest mean of 4.18 for the statement that 'Market expects brand value' to the lowest mean of 3.22 in the group for the statement that 'Marketing my products/ services is easy'.
- 78 per cent of the entrepreneurs feel that marketing of their products/ services is not easy. While 78 per cent of the entrepreneurs believe that marketing their products/ services is not easy, it is a little intriguing to note that only about 52 per cent feel the need to know more about the marketing function. This leads one to infer that the entrepreneurs may not be clearly aware of the nuanced differences between selling and marketing which could be an area where greater awareness is needed to fill the gap in understanding and application.
- It is reassuring to note that the MSME entrepreneurs in Madurai are not dependent on schemes and offers alone to push their products/ services. 79 per cent of entrepreneurs believe in their products and their business potential rather than relying on short term selling methods to move their products or gain clientele. This is a healthy indication.
- Again, while entrepreneurs understand the importance of advertisement, that massive advertisement is needed all the time is not subscribed to by 65 per cent of the entrepreneurs. That advertisement is given its due place but not relied on unduly is a healthy factor in the sustainability of entrepreneurship.
- 59 per cent feel that the market expects brand value. This statement has the highest mean amongst the marketing statements with a very low standard deviation.
- Almost 52 per cent of the entrepreneurs understand the importance of variety. This means they understand that there is always a need to

innovate, customize and offer variety to the customer on an ongoing basis.

- Only 38 per cent of the entrepreneurs feel that there is huge competition from large scale organisations and MNCs in local markets. If they have read their markets right, this is a very positive signal of confidence sent by the entrepreneurs.
- Adding strength to the earlier inference, again 64 per cent of the entrepreneurs do not think that small scale industries have been forced to give up their space on rental or lease to large operators. This is again indicative of the entrepreneur's confidence in his sustainability and that he hasn't seen threats to his business because of larger players entering the competitive landscape.
- 80 per cent of the entrepreneurs do not think they have a great marketing strategy in place. This is a huge gap when looked at from the sustainability of businesses over time.
- Only 39 per cent of the entrepreneurs believe that special markets for SME products are needed while the bulk of them at 61 per cent don't perceive their need. This corroborates with the earlier statements where the entrepreneurs come across as confident about their products/ services.
- 71 per cent of the entrepreneurs do not think that additional support needs to be extended to the SMEs to compete with the retail/ online marketing by large scale organisations. This is again a comment on the self-confidence exhibited by the Madurai based MSME entrepreneurs who seem to believe there is already a level playing field. They don't seem to be expecting any additional benefits to be doled out for their survival or rejuvenation. This is indeed a very heartening and reassuring conclusion that entrepreneurs in Madurai are not on the defensive and would give their best to ensure that they survive and grow in the years to come.

7.2.3.6 Driving determinants – Accessibility factors

- All factors of accessibility have a mean within a very small range, the minimal being 3.32 for financial access and the maximum being 3.86 for access to raw materials.
- Entrepreneurs seem to have the maximum difficulty with access to micro finance as only 24 per cent have indicated their comfort with this. 76 per cent not feeling the comfort of having access to micro finance needs attention.
- Both information requirements and infrastructure have only 35 per cent of the entrepreneurs feeling comfortable about their access to these, while just less than two thirds feel their access is not sufficient. Only 40 per cent feel comfortable about their access to technology requirements for their business.
- There is reasonable comfort in comparison to the above on access to business training at 42 per cent. However, this is far from what would be necessary for the entrepreneurs to develop themselves and ensure sustainability of their businesses.
- It is observed that of the lot, access to markets and raw materials are more comfortable at about 42 per cent and 43 per cent. This could be to do with the locational advantages of the business enterprise even when they were commenced.
- On the whole, the accessibility factors leave the impression that more work needs to be done in this area to ensure that there is greater support for the entrepreneurs to ensure accessibility to various factors listed above. Only then can the sustainability of the entrepreneurship environment be addressed.

7.2.3.7 Driving determinants – Social factors

- It is good to note that about 46 per cent feel that there is social acceptance as an entrepreneur and their employees' attitude towards the business is positive; however more than 50 per cent not feeling so indicates that there is cause for concern.

- Only 41 per cent feel that they have a good network outside business and only 39 per cent feel that they have a good network within the business. Networking is extremely important for growth of the enterprise and this doesn't seem to be sufficient.
- It is a little disturbing to note that only 40 per cent agree to be free of class biases and prejudices while 60 per cent continue to have them. Personal prejudices on the basis of any demarcation could prove to be a mental block for an entrepreneur and work ethics and performance capabilities alone should take precedence over all other factors when it comes to the business. Class prejudices may deter networking opportunities.
- Only 36 per cent of the entrepreneurs feel that there is social acceptance for their products/ services which is not very positive in the larger picture.
- Only 23 per cent of the entrepreneurs feeling that they have a good local network may leave them disheartened when they need to express and resolve their concerns with local bodies.
- It is gladdening to note that 81 per cent of the entrepreneurs are clear about not having a gender bias. This is sure to augur well in this age of gender sensitivity where a gender balance needs to be maintained as an attitude by the entrepreneur and also demonstrated in the business.
- On the whole, it may be noted that the social image of an MSME entrepreneur in Madurai needs attention and improvement.

7.2.3.8 Driving determinants – Motivational factors

- The following four statements emerge as the **strongest motivators**
  - To enjoy my work (74 per cent)
  - To be able to use my past experience and training (72 per cent)
  - To prove that 'I can do it' (71 per cent)
  - For my own satisfaction and growth (70 per cent)

- Most of these are in one sense self-actualisation needs and hence in the Maslow's hierarchy, the entrepreneurs are working at the topper layers of the pyramid. This is a very positive sign and portends well for the entrepreneurship atmosphere in Madurai.
- Two **strong motivators** are as follows:
    - To increase my income and (59 per cent)
    - To provide employment opportunities to others (59 per cent)
- This shows that while monetary factors (to increase income) and social concern (to provide employment opportunities to many others) are driving factors, they are very clearly behind the self-actualization needs.
- The following five statements fall in the category of **normal motivators**:
    - To add value to family business (49 per cent)
    - To maintain personal freedom, independence (49 per cent)
    - To be closer to my family (44 per cent)
    - To be my own boss (43 per cent)
    - To build a business to pass on as a legacy (42 per cent)
- Two statements can be categorized as **weak motivators**
    - To have a sense of security (36 per cent)
    - To provide employment to family members (29 per cent)
- Amongst the various motivational factors, it is a very comforting signal to note that self-actualisation factors rate higher than the monetary and self-centred factors. Equally, it is clear that the entrepreneurs do not consider the path they have chosen as a comfortable and secure journey. In fact it is these motivational factors and the way the entrepreneurs perceive these that resoundingly reassure the possibility of sustainability of entrepreneurship in the MSME sector in Madurai.

7.2.3.9 Propelling determinants – Applied knowledge

- It may be noted that there is not a single area where more than 50 per cent of the entrepreneurs have expressed confidence in the subject knowledge.

- The best seems to be only 44 per cent being comfortable with strategy closely followed by marketing & sales and information & communication technology.
- Operations seem to be at an average level of expertise, more so because it may be to do with their own line of business.
- However, all three aspects relating to finance, people management and statutory requirements talk of 74 per cent not being comfortable with the fields.
- Without sufficient exposure to these subjects, it would be difficult for an entrepreneur to sustain himself and these indicators are causes for concern.

7.2.3.10 Propelling determinants – Business management skills

- While the applied knowledge score is quite poor in certain areas, the skills portfolio comes across as distinctly better. What is lacking in knowledge is most probably made up with skills.
- Having said that, it is good that the entrepreneurs believe that they still have way to go to learn business management skills.
- Business skills which has ranked the first amongst the four here may be to do with their own business and hence they are very comfortable with that.
- Leadership skills seem to be comfortable as experience may have shaped entrepreneurs to be leaders providing them ample opportunities to learn by trial and error and through observation around.
- People skills are also not rated very poor considering that the applied knowledge part of it was rated amongst the lowest. This may lead us to believe that people are managed with some practical experience by entrepreneurs.
- Managerial skills which typically include planning, organising, directing, staffing, coordinating, controlling, budgeting etc. may not be very familiar to the entrepreneurs in a formal way. They may have

picked up a few of these skills informally and may be applying them to suit their business while a little more support in a formal way will hold them in good stead.

7.2.3.11 Propelling determinants – Entrepreneurial approach

- The MSME entrepreneurs in Madurai consider themselves reasonably innovative with about 47 per cent being confident of that. This is a healthy sign though the measurement of innovation in their minds is only subjective.
- They also understand the importance of seeking information in an ever changing and dynamic business environment. However, it may be recalled that under accessibility factors only 35 per cent felt that they had access to information to exploit business opportunities. This may mean that while they understand the importance and seek information, not all relevant and appropriate information is available to them.
- 39 per cent are aware of the risks they take which can only mean that the rest go ahead with their business not fully realising the potential risks involved.
- Only 37 per cent are confident of their networking strengths. This again corroborates with the social factors' evaluation where only 39 per cent talked of good networking within the business circles and 41 per cent mentioned good networking outside business circle. Even local networking was a poor 23 per cent under the social factors.

7.2.3.12 Propelling determinants – Entrepreneur's personal attitude

- That 49 per cent of the entrepreneurs perceive themselves to be self-aware is a very healthy sign and this is a basic necessity for an entrepreneur.
- It seems that the entrepreneurs believe that they could do with some help in terms of their ability to handle success, understanding empathy

and applying it in their dealing with the other stakeholders in the business and improving their self-control.

- Inter personal relationship does seem to be a challenge for MSME entrepreneurs in Madurai as evidenced by their comparatively lower networking capabilities (as seen in the social factors) and lower people skills (as seen in the business management skills) and lower exposure to people management knowledge (as seen in the applied knowledge factors).

7.2.3.13 Propelling determinants – Entrepreneur's business attitude

- Amongst the factors related to business-related attitude, the entrepreneurs seem to rank very high on their 'undisputed burning desire to succeed' while rank the lowest on their 'ability to handle statutory issues'.
- Undisputed burning desire to succeed at 46 per cent and undeviating focus on business at 41 per cent are healthy indicators correlating well with the high scoring motivational factors. The MSME entrepreneurs 'have it in them' to sustain, grow and succeed.
- Ability to handle barrier and speed breakers seems to be low with 62 per cent finding it difficult.
- Business incompatibility with personal interest could be an area of stress and there may be a need for entrepreneurs to seek professional help to enable them handle this stress.
- Ability to handle career comparisons is again quite difficult for 67 per cent of the entrepreneurs. This is a very real dilemma as entrepreneurship cannot be compared with routine employment.
- Ability to handle expansion is again difficult for 69 per cent of the entrepreneurs which is not surprising as the challenges of expansion are quite different from the challenges of sustenance and survival.
- Ability to handle statutory issues seems to be a major strain for entrepreneurs with 70 per cent conceding lack of competence in this

area. This corroborates with the 74 per cent lack of knowledge of statutory requirements mentioned under the applied knowledge category also.

- It may be noted that while there are intrinsic factors, the entrepreneurs are very confident and comfortable. However for factors external to them, they seem to have an issue in handling those. While this is a challenge, there is a positive way of looking at the half filled glass. It is the internal qualities that are more difficult to impart as they have to spring from within. What is external can be supplemented through formal and informal means.

7.2.3.14 Propelling determinants – Support and guidance in the journey

- It may be noted that the support and guidance received as perceived by the entrepreneurs is very poor and this is a disturbing admission.
- It comes across very clearly that the entrepreneurs perceive some support from employees' whereas there is not too much of a support forthcoming from the family. Not all entrepreneurs may have partners and hence it would be difficult to come to a conclusion on the support extended by partners and mentoring as a concept is yet to mature in the Madurai entrepreneurship eco-system.
- It may be noted that of all the propelling forces, it is the 'support and guidance' factor that has ranked really low and hence cries out for attention to be handled.

7.2.4 Multiple regression analysis:

- The multiple regressions were applied to analyse the different driving determinants and propelling determinants as independent variables against 'entrepreneurship' sustainability as the dependent variable.
- Motivational factor has the highest standardized coefficient amongst the driving determinants with the lowest significance (p=0.01) which means that "Motivational factor" is the main predictor of entrepreneurship

sustainability. Since the non-significant coefficients exceed 0.05 for the other two factors, it indicates that the 'Accessibility factor' and 'Social factor' contribute lesser to the model prepared with driving determinants.

- The four significant coefficients amongst the propelling determinants are Support & Guidance for entrepreneurial journey, Entrepreneurial business related Attitude, Entrepreneurial Personal Attitude and Business Management Skills. Business Management Skills support has the highest standardized coefficient with the lowest significance (p=0.01) which means that "Business Management Skills" is the main predictor of entrepreneurship sustainability. Since the non-significant coefficients exceed 0.05, Applied Knowledge and Entrepreneurial Approach contribute lesser to the model prepared with propelling determinants.
- It is concluded that 'Motivational factors' amongst the driving determinants and 'Business management skills' amongst the propelling determinants contribute significantly in predicting entrepreneurship sustainability.

7.2.5 Expectations of areas of learning of entrepreneurs

- An illustrative list of the expectations of the entrepreneurs to ensure their sustainability that were gathered during the interactive session are as under
  - To learn latest trends in the industry
  - To network with people in varied businesses
  - To have clarifications on statutory legislations
  - To have 'Bouncing Boards' to sound their ideas
  - To have access to 'Consultants' at reasonable costs
  - To help in having a long term view of their business
  - To enable make a good and viable business plan
  - To help in strategic thought processes

- To hone leadership skills
- To develop a positive mind set
- To mentally re-charge themselves
- To have support in applying knowledge learnt from experts
- To be inspired by life stories from contemporary business leaders
- To seek ideas for funding start ups
- To gain greater social acceptance as ‘entrepreneurs’

7.3 SUGGESTIONS

Based on the understanding of the profile of the Madurai district MSME entrepreneur from the structured interview process and the observational study during the workshops conducted, the study recommends the following suggestions:

- Entrepreneurs being made to understand the importance of seed capital and the need for adequate capital even at the outset is important to maintain the financial health of the business and sustain the business over the years.
- While a lot of thrust is being given for the support of MSME entrepreneurs, there seems to be a gap between how the financial inclusion needs to happen as perceived by the Government at large and how the entrepreneurs perceive it themselves. Sensitising both parties involved may be important for sustainability of entrepreneurship in the MSME sector. Awareness programmes from the Banks and the entrepreneurs getting to know the opportunities and procedures could help bridge this gap.
- Given that so many of the entrepreneurs feel that their capital is not adequate, it may be important to address this for sustainability of entrepreneurship through the following steps:

- It may be important for the entrepreneurs to first understand the financials of their business completely and have an idea of the capital requirements.
- The entrepreneurs need to own these numbers and understand the minimal capital to be brought in by his own self to enable leveraging.
- The working capital requirements of the business must be worked out at a minimal of three levels – safety, realistic and optimistic to enable plan funds.
- A constant monitoring of such capital flows may be important to keep track of.
- Matching of sources and uses of funds must be done, particularly to avoid mismatch in terms of short term funds being used for long term purposes and vice versa.
- Capital adequacy norms must be constantly revisited for the growth of business and sustainability.

- The entrepreneurs need to be sensitised to keep them informed about sources of additional capital, understand the impact of terms and conditions of raising loans and the financial discipline that needs to be inculcated to ensure that the business is capable of raising funds on its own balance sheet strength and convincing future projections.
- It may be worthwhile to sensitise entrepreneurs to understand that location should be viewed from the point of view of all facets of business – production, purchases and marketing. Depending on the financials of the business, the entrepreneurs should be sensitive to ‘buy or lease’ decisions on the location and how this ties into the other factors associated with the business requirements.
- Entrepreneurs should think upfront a little strategically on the possible expansion and the demands it may have on the location so that there is no repetitive costs incurred in relocating the business or in having multiple locations losing economies of scale.

- If cheap labour is not available, it must be ensured that the costing of the product or service suitably takes care of the market rate to be paid to the labour to avoid under recovery of labour costs.
- Entrepreneurs must factor the level of skill that is required in their businesses and plan to ensure recruitment of the requisite skilled labour or train the labour recruited to the requisite degree of skill. The sustainability of the business hinges on this skill development as that would directly have a bearing on the product sold or the service rendered to the ultimate customer.
- It would be good for the entrepreneurs to understand the importance of training, however simple or quick it may be and ensure that all recruited manpower is given suitable orientation in the first few days of joining the organisation. It would do well for the entrepreneurs to take note of the fact that it is well worth spending time and energy on orienting and training the manpower for long term benefits. This alone would create a more productive and motivated workforce which in turn will lead to the sustainability of the enterprise.
- It is important for the entrepreneurs to understand the labour attrition rates and the reasons behind the same to see if they are due to issues that can be addressed. In smaller organisations, the grapevine and informal communication may be sufficient sources to gather these insights.
- Earning the support and trust of the people working in the organisation is very important and one is bound to infer that more effort has to be put in by the entrepreneurs to ensure that they come up with initiatives to take care of their staff and labour. This is a crucial factor for the sustainability and growth of an enterprise, more so, in the small and medium sectors where there would be few people on whom the entrepreneur and his business growth are heavily dependent on.
- Just as financial discipline and its nuances are important for the survival and growth of the business, understanding of people management and dealing with people on a day to day basis is equally important for an

entrepreneur – no matter whether there are a handful of people or a whole team of staff employed in the organisation.

- In today's environment, it is positive for the entrepreneurs to realize that brand equity has to be built over time and that has a value of its own which will stand the test of time and ensure sustainability and growth of the business.
- It is important to have a road map for the future with a marketing strategy in place not only for the sake of the enterprise, but also to share with the manpower involved and talk to the customers about how they would be taken care of in the future too.
- Sensitising the entrepreneurs to avenues of finance and the operational procedures involved could be important for the sustainability of the MSME entrepreneurship sector in Madurai.
- Social acceptance for entrepreneurship and employees' looking up to the entrepreneurs are important driving factors for the entrepreneur and there needs to be some thought given on how this can be improved. Greater success in business and brand value creation are a must for social acceptance and employees' acceptance to happen over time.
- Social image being a major driving factor for sustainability of the entrepreneur, ways and means of improving this are to be thought of through ongoing measures by groups interested in promoting entrepreneurship in this region.
- The inferences from the entrepreneurs' self-assessment on their skills show that the entrepreneurs are very realistic about their self-assessment on skills and they would be open to take inputs on these and apply them in their work-life. Hence is it suggested that
    - it would be important to have a forum where such skills can be imparted so that they gain an exposure and insight to these in a formal way

  - such exposure must not be theoretical but must be relevant to their day to day business and must be capable of practical application
  - skills are honed over time and hence sufficient feedback mechanism or hand holding may be needed for the entrepreneurs to ensure that they are practising it right
  - learning from peers may be a powerful way of learning skills as they wouldn't be textbook case studies but practical life experiences.
- 'Knowing one's risk' in business is extremely important for an entrepreneur and it would be important for agencies that seek to support entrepreneurship to provide the entrepreneurs an avenue to measure and evaluate their risks and also to see how they need to be de-risked.
- Understanding of organisational behaviour and organisational dynamics is very important for an entrepreneur to sustain his business and at the end of the day, 'business is about people'. The entrepreneurs will have to seek out formal and informal ways of improving their skills in this area. Peer group learning could help, particularly with practical case studies as examples being shared as experiences and even attempt at role plays of practical situations. A guided attempt at these learning opportunities would enable them learn even better.
- Understanding that entrepreneurship is a mixed blessing like any other choice of work in life is important for an entrepreneur to maintain his balance and keep to his work with sustained interest.
- It is important for the entrepreneurs to hone their people skills which in turn will enable them build good inter personal relationships with their team thereby ensuring they become a source of strength and support through the entrepreneurial journey
- Mentoring relationships are to be encouraged with the concept being explained to entrepreneurs, a few of them starting it off and the others following suit over time when they realise the advantages of such a system
- The families need to be sensitised to what entrepreneurship is all about

and how it is crucial for the family to stand behind an entrepreneur to enable him handle the stresses and strains associated with his work life where at the end of the day he stands 'lonely at the top'.

- During the course of discussions with the entrepreneurs, it emerged that 'self-help' would be the best help. Self-help groups of entrepreneurs would have the potential of addressing a lot of the expectations which the entrepreneurs have.
- A related idea was to have smaller learning groups within the major 'self-help' group as 'clusters'. While the former could have 50 to 70 members, the latter would have 10 to 12 members. It was decided to name the self-help group as ESH – Entrepreneurs' self-help group.
- The following are the various approaches that were discussed in detail to ensure that entrepreneurs get exposed to various learning opportunities and equip themselves better to handle and sustain their businesses:
    - Formulation of Entrepreneurs' self-help groups – ESH
    - Monthly meetings of ESH to support
        - Skills and attitude development
        - Knowledge enhancement and Information updates
        - Networking development
        - Sharing of learnings' implementation
    - Formulation of cross learning clusters
    - Monthly meetings of clusters for networking and learning
    - Engagement of consultants for the ESH members
    - International delegations and business trips for ESH members
    - Residential workshops for entrepreneurs
    - Mentorship for entrepreneurs

TABLE 7.3
WAY FORWARD FOR 'DRIVING' DETERMINANTS

No.	Factors	Handled through
(1)	**Accessibility**	Monthly meetings – Networking and knowledge updates; Exposure to consultants and residential workshops; Exposure to learnings from clusters
(2)	**Social**	Monthly meetings – Networking and attitude development; International delegations and Cross learnings from clusters
(3)	**Motivational**	Monthly meetings – Networking and attitude development; Learnings from sharing of successful implementations; Learnings from clusters and Residential workshops

TABLE 7.4
WAY FORWARD FOR 'PROPELLING' DETERMINANTS

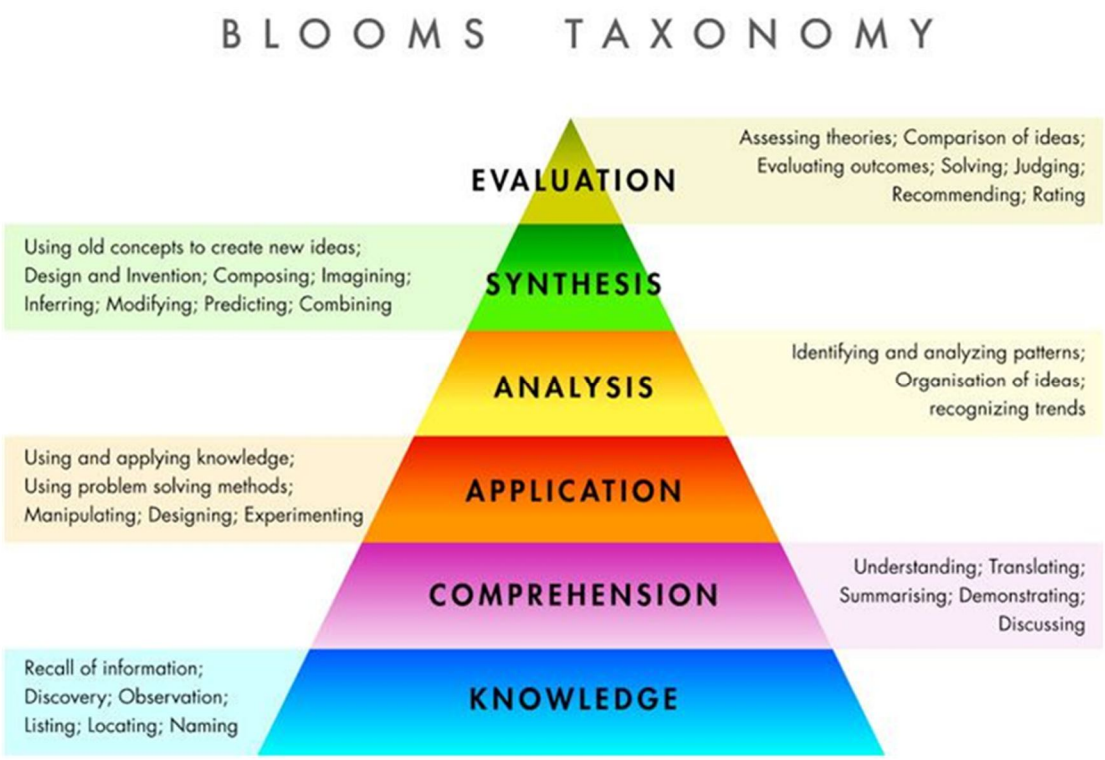
No.	Factors	Handled through
(1)	**Applied knowledge**	Monthly meetings –Implementation sharing and updates; Exposure to consultants and residential workshops; Exposure to cross learnings from clusters
(2)	**Business management skills**	Monthly meetings and Cross learnings from clusters Exposure to residential workshops
(3)	**Entrepreneurial approach**	Monthly meetings – Networking, Implementations sharing; Cross learnings from clusters and Exposure to consultants; International delegations
(4)	**Entrepreneurial personal attitude**	Monthly meetings – Attitude development, Networking; Cross learnings from clusters and residential workshops
(5)	**Entrepreneurial Business attitude**	Monthly meetings – Attitude development, Implementation Sharing, Knowledge enhancement and Networking; Cross learnings from clusters, International delegations
(6)	**Support and guidance**	Exposure to residential workshops and consultants; Mentor relationships, Cluster relationships and networking

- This multi-pronged approach of handling the various driving and propelling determinants of entrepreneurship would be a sincere step in the direction of ensuring sustainability of entrepreneurship in the MSME sector in Madurai district.

7.4 ENTREPRENEURIAL LEARNING THROUGH BLOOM'S TAXONOMY

Bloom's taxonomy[159] of learning objectives is used to define how well a skill or competency is learned or mastered as in the pyramid representation in Chart 7.1. As the level moves up the pyramid, the complexity of information transfer and training increases.

CHART 7.1
BLOOM'S TAXONOMY



To sustain entrepreneurship in the MSME sector of the Madurai district, these entrepreneurs need to move up the pyramid of Bloom's taxonomy starting from 'knowledge' level climbing up all the way to the 'evaluation' or

[159] http://whitman.syr.edu/wsmhelp/faculty-resources/instructional-design-delivery/teaching-pedagogy/blooms-taxonomy.aspx

'judgement' level. However, while the lower parts of the pyramid are easily taught as much as they are easily learnt, the challenges in transfer of capabilities also are more complex as one moves up the pyramid. Table 7.5 maps the forms by which learning can happen for the entrepreneur with the levels of Bloom's taxonomy:

TABLE 7.5
LEVELS & FORMS BY WHICH LEARNING CAN HAPPEN THROUGH ENTREPRENEURS' SELF HELP GROUPS

Level	Forms by which learning can happen for the entrepreneur
Knowledge	Monthly meetings of ESH, Residential workshops, Knowledge enhancement discussions, Overseas delegation, Information updates, Presentations of case studies
Comprehension	Monthly meetings of ESH, Residential workshops, Clusters and cross cluster learnings, Business related updates
Application	Clusters and cross cluster learnings, Networking discussions, Sharing of learnings' implementation in meetings and clusters, Role plays and Case studies in cluster meetings
Analysis	Clusters and cross cluster learnings, Networking discussions, Sharing of learnings' implementation in meetings and clusters, Discussions with consultants , Case studies analysis
Synthesis	Sharing from successful entrepreneurs who are role models, Residential workshops, Business updates learning in meetings, Effective use of consultants, Mentoring relationships
Evaluation	Clusters and cross cluster learnings, Networking opportunities, Sharing from successful entrepreneurs who are role models, Effective use of consultants, Mentoring relationships

Table 7.6 shows how they can move up the pyramid through the Entrepreneurs' Self Help forum mechanism by using the various learning opportunities as above.

TABLE 7.6
BLOOM'S TAXONOMY AND ENTREPRENEURIAL LEARNINGS

Level in Bloom's taxonomy	Activities associated at each level	Facets covered in the self-learning as an entrepreneur progresses from the bottom to the top of the Bloom's taxonomy pyramid
Knowledge	Locating, Listing, Recognizing, Discovering, Observing, Recalling information	The entrepreneur **locates and lists** the various dimensions involved as applied knowledge in business including finance, people management, operations, marketing, strategy, administration and technology. He **recognizes** the gaps that he has in his own comprehension and the areas where he needs to polish his knowledge and become more informative and equipped. He **discovers** the various aspects under each of these areas and can recognize how they have an impact on his business as a whole. Equally he discovers the gaps he has in his skills and approach to his business as also the attitudinal improvements needed. He **observes** and recognizes his own and others' strengths and areas of improvement. He conceptually gets the big picture of the various functions by **recalling information** gathered.

Comprehension	Understanding, Translating, Summarizing, Demonstrating, Discussing	The entrepreneur **understands** the factors of business that affect his enterprise with a sound cognitive base. He also understands the concepts under each of these heads of knowledge, the method of honing his skills and the approach to develop his attitude. He is able to **translate** what he learns from his peers and the ESH meetings to map to his particular business needs, enabling him have a mind map which is particularly suited for his business needs He can **summarize** his learnings to his staff and take it to his business context; he can also sum up a checklist on the skills and attitudinal aspects that he needs to work on He can **demonstrate** his knowledge by his ability to share his learnings with other stakeholders involved in the business. He is able to **discuss** the various facets associated with each of the learning units and also understand the gaps that he needs to work on as far his skills and approach are concerned; so also the gaps that his enterprise needs to work on to become a learning organisation that is sustainable

Application	Applying knowledge, Influencing, Experimenting, Using problem solving methods, Designing	The entrepreneur understands from his peers the success stories of implementation and attempts to use and **apply his knowledge** in practical situations in business. He is able to **influence** his team by providing convincing logic for new techniques; the persuasive ability is higher due to the substantial exposure gained over time. He and his team **experiment** first with 'minimum viable processes' and then are prepared to scale it up based on success; an element of 'trial and error' is understood and becomes the accepted way of doing things. As and when challenges come up in application, **problem solving** is resorted to based on the inputs gathered, confidence gained, conviction in the methods adopted and consistency built up over time. This is an important dimension which would enable the entrepreneur move from a fire-fighting mode on various aspects to a more systematic approach to his business needs. A specific **design** of implementation as a process is arrived at by the entrepreneur for his business which itself can keep changing over time and can be revisited.

Analysis	Identifying and analysing patterns, Organising ideas and Recognizing trends	The entrepreneur is able to **see patterns** in his business based on the cognitive inputs that he has received on various business functions. He is also able to **see patterns** in his entrepreneurial approach and responses to that from various stakeholders. He is able to note how others in the peer group are handling this and how it works for them. He is now able to **organise his ideas** in a methodical manner rather than in a haphazard way and each of these ideas has the solid backing of a cognitive understanding rather than as a knee jerk reaction. He is also able to **recognize trends** and make cause effect relationships on the business factors and his individual attitudinal aspects. Most importantly he is able to **analyse** an issue into its multiple facets and give suitable weightage to the factors involved rather than get carried away by any one or few of them or get weighed down by an emotional imbalance. This **analysis** extends to decisions relating to a work culture in his organisation which will become a learning environment thereby paving the way for sustainability of business over time.

Synthesis	Using old concepts to create new ideas, Inventing and Designing, Imagining and Composing, Inferring, Modifying, Predicting, Combining	At this stage the entrepreneur is able to understand various concepts and is able to **create new ideas** suitable for his own business based on these concepts; rather than just copying and pasting, he has the ability to come up with his own version for application. The entrepreneur develops confidence with implementation of his learnings through trial and error and has perfected the process of such application. Therefore, he is now willing to **invent** new processes that would work for his organisation and **design** his own systems with the foundation of knowledge gained. He can **imagine** a decision tree and can think of multiple outcomes over time and therefore **compose** his own course of action suitable to his business considering the various factors involved. He can draw the appropriate **infer**ences from various outcomes and course correct suitably; he would also be able to orchestrate depending on the situation and the people involved and **modify** action course as deemed fit. He can reasonably **predict** the possible outcomes with probabilities and hence be prepared with multiple plans of action, deciding to mix, match and **combine** as appropriate.

Evaluation/ Judgment	Assessing theories, Comparing ideas, Evaluating outcomes, Rating, Recommending, Solving, Judging	At the top of the pyramid, the entrepreneur doesn't just go by theory but has enough practical experience to **assess how that theory applies** to his business in practice and where it needs to be suitably tweaked for local conditions and culture. His exposure to different ideas from his peer group and his network enables him to **compare ideas** in his mind and assess the pros and cons in his mind map. Thereby he develops the ability to hold even conflicting ideas in his mind at the same time and **evaluate outcomes**, choosing the most optimal outcome for the issue on hand. He is able to **rate** the constraints vis a vis the possible benefits and **recommend** the 'best fit' solution for the situation in an attempt to ensure a 'win-win' for all the stakeholders. He gains experience to **solve** issues related to various aspects of the business by identifying the components of the issue, tracing them to their origin in a mind map, weighing them suitably and coming up with the best fit solution which would work in that scenario. He learns to **judge** without being opinionated or prejudiced by superfluous factors. He learns to separate the chaff from the grain and brings his wisdom to the table.

7.5 CONCLUSION

The common theme for entrepreneurship sustainability is ‘reflective thinking’ – the ability to reflect on what is happening around and learning from them. This alone would translate into the ability to evaluate and judge fittingly. This involves taking the time to objectively observe what is going on in the enterprise instead of constantly remaining focused on the day to day activities (Observation); to think about what one observes in a way that allows one to identify constants across different events and turn those into replicable processes (Process thinking); to understand and question underlying assumptions (Questioning); to take the time to think about the enterprise and oneself regularly (Reflecting); to think about how a concept or idea learnt elsewhere can applied in one’s setting (Situational analysis) and to identify ideas that hold true in one’s organisation over time (Thematic application).

If such thinking becomes a habit over time with the entrepreneurs they would be capable of sound evaluation and judgment. Then, it would be easy for them to identify and handle the challenges of business that would be in any of the following categories:

- Challenges which can be overcome with external/ internal support
- Challenges which can be overcome by the entrepreneur himself
- Challenges which can be overcome with the help of training
- Challenges which are persistent and must be learnt to live with

Challenges that are overcome yield confidence and become achievements and challenges that are not overcome provide resilience and yield learnings. Either way the entrepreneur is ready for the journey of challenges to ensure the sustainability and growth of his enterprise.

A considered implementation of the suggestions made in the present study would lead the entrepreneurs to the evaluation level in Bloom’s taxonomy pyramid and ensure wisdom in decision making. This would enable

the MSME entrepreneurs in Madurai district gain greater confidence in themselves over time. Effectively, this would translate to a vibrant, sustainable and successful MSME sector and augur well for the socio-economic profile of Madurai district in the years to come.

7.6 SCOPE FOR FURTHER STUDIES

The researcher has attempted an initial study of the determinants of entrepreneurial sustainability in the MSME sector in Madurai district and has analysed from a few dimensions to provide a base framework to make the entrepreneurship eco-system in Madurai self-serving and self-sustaining.

Having said this, it must be pointed out that there is scope for further study and research in this area on the following topics related to the MSME sector in Madurai:

- Impact of determinants of entrepreneurship that are specific to first generation entrepreneurs vis a vis second/ third generation entrepreneurs
- Impact of determinants of entrepreneurship specific to scaling up of business and expansion – a possible road map for the journey
- An incubating centre for the MSME sector - Need, framework and role
- A common back office centre for the MSME sector – Need, framework and role with a road map and milestones.
- Impact of the learning methodologies suggested in this report – transformation of the enterprises as learning organisations with transformation of entrepreneurs – Case study analysis
- Mathematical models to identify the impact of various determinants of business and their relationship to sustainability/ success of business in measurable terms
- Relative success of the pedagogical methods suggested in this report for entrepreneurial learning at various points in the career of an entrepreneur.

BIBLIOGRAPHY

Books

Daniel Goleman, "*Emotional Intelligence – Why it can matter more than IQ*", Bantam Doubleday Dell Publishing group, ISBNK 0-553-37506-7, 1996

Ganapathy Subramaniyan, "*Cotton in Madurai District: An Econometric Analysis*", Northern Book Centre, ISBN 81-85119-31-7, 1987

James L. Fisher, James V Koch, "*Born, Not Made: The Entrepreneurial Personality*", Prager Publishers, Westport, ISBN 978-0-313-35050-4, Sep 2008

Knight, Frank Hyneman, "*Risk, Uncertainty and Profit*", Cosimo, Inc. ISBN 978-1-59605-242-0, 2005

Marcus Buckingham, Curt Coffman, "*First, Break All The Rules: What The Worlds Greatest Managers Do Differently*", Simon & Schuster, Rockefeller Center, ISBN 0-684-85286-1, 1999

Parthasarathi, Prasannan, "*The Transition to a Colonial Economy: Weavers, Merchants and Kings in South India, 1720–1800*", Cambridge University Press, ISBN 0-521-57042-5, 2007

Peter F Drucker, "*Innovation & Entrepreneurship*", Harper & Row Publishers Inc. ISBN 0—88730-618-7, 1993

Soundarapandian, Mookkiah, "*Economic Reforms and Small Scale Industries*", New Delhi: Concept Publishing Company, ISBN 9788180694493, 2009

Vaidyanathan R, "*India Uninc*.", Westland Ltd, 2014, ISBN 978 93 83260 56 0

Ph.D Thesis

Kimberly Sue Owens, "*An Investigation of Personality Correlates of Small Business Success*, Doctoral dissertation, Graduate School, University of Tennessee, Knoxville, (http://trace.tennessee.edu /utk_graddiss/2252,) 2003

Magdalena Markowska, "*Entrepreneurial competence development –triggers, processes and consequences*", Dissertation thesis, Series No. 071, Jönköping International Business School, 2011

Martin Lackeus, "*Developing entrepreneurial competencies: An action-based approach and classification in entrepreneurial education*", licentiate thesis, Chalmers University of Technology, Gothenburg, Sweden 2013

Reports

International Finance Corporation, World bank group in partnership with Government of Japan, "*MSME finance in India - A research study on needs, gaps and way forward*", November 2012, pp 22 – 30

Micro Small and Medium Enterprises Department, Government of Tamil Nadu, "*MSME Industries policy 2008"*, 2008

Micro Small and Medium Enterprises Development Institute, Chennai, "*Brief industrial profile of Madurai district* 2012-13", 2013

Ministry of Micro, Small and Medium Enterprises, Government of India, "*Annual report 2013-14*"

Ministry of Micro, Small and Medium Enterprises, Government of India, "*Annual report 2009-10*"

Micro Small and Medium Enterprises Department, Ministry of Rural industries and labour, Government of Tamil Nadu, "*Policy note 2014-15 demand no. 44"*, 2014

National Geographic, United States: National Geographic Society, "*Sacred Places of a Lifetime: 500 of the World's Most Peaceful and Powerful Destinations*", ISBN 978-1-4262-0336-7, 2008.

National Informatics Centre, Government of Tamil Nadu, "*Industries in Madurai"*, Retrieved 30 June 2012.

OECD executive summary of background reports, *"Promoting entrepreneurship and innovative SMEs in a global economy"*, Second OECD Conference of Ministers for SMEs, Turkey, pp 24-25, 2004

Pricewaterhouse Coopers with Confederation of Indian Industries, "*Financing for MSMEs – The east side story,*" 2013, pp3

Rediff.com, *"36 cities that will shape India's future"*, October 12, 2011

The Hindu (Chennai, India), "*An industry that can bolster the economy of Madurai*", 25 October 2007, retrieved 24 January 2009.

The Hindu (Chennai, India), *"Work on provision of infrastructure begins in Information Technology parks*", 24th December 2008

The Hindu**, "***MSME conference Madurai: Innovation key to industrial growth***",** http://www.thehindu.com/news/cities /Madurai / msme-conference-madurai-innovation-key-to-industrial-growth/article5055372.ece, August 24th, 2013

Articles

Abdul Naser. V, *"A critical evaluation of the contributions made by the MSME in Indian Economy"*, Inter-national Journal of Marketing, Financial Services & Management Research (ISSN 2277-3622), 2013

Aderemi Ayila Alarape, "*Entrepreneurship programs, operational efficiency and growth of small businesses"*, Journal of Enterprising Communities: People and Places in the Global Economy, Vol 1, Iss 3: pp 222-23, 2007

Adeyemi SL, "*Motivation and Business Success - The Relationship between Entrepreneurs Motivation and New Business Ventures Success*", International Small Business Journal, 4.pp.55 64, 2012

Agarwal SP et al, *"Policies and infrastructure facilities for technology transfer to SMEs in globalized economy: Indian perspective"*, SMEs-Key drivers for growth, ICFAI books, 2008

Alistair R. Anderson *"Network practices and entrepreneurial growth"*, Scandinavian Journal of Management, Volume 26, Issue 2, Pages 121–133, 2010.

Allan A. Gibb, *"Entrepreneurship and Small Business Management: Can We Afford to Neglect them in the Twenty-first Century Business School"*, British Journal of Management, Volume 7, Issue 4, pages 309–321, December 1996

Amathullah Thusneem (2014) in the article *"Problems faced by entrepreneurs in District Industries Centre in Theni District, Tamil Nadu"*, Indian Journal of Applied research, 2014

Amit Bouri et al, *"Report on Support to SMEs in Developing Countries through Financial Intermediaries"*, Dalberg, SME briefing paper, 2011

Amy Rosen, "*Recognising opportunity is the first step to an entrepreneurial mindset*", http://www.entrepreneur.com/article/234299, May 2014

Anand C, "*SME Financing- The Indian Scenario*", SMEs-Key drivers for growth, ICFAI books, 2008

Anne Berthelot, "*The impact of entrepreneurial motivation on venture performance*", European journal of business and management, Vol 5 issue 3, 2013

Apurva Bose Dutta, "*Tier II & III Cities - Growth Engines for the Future"*, nbmcw.com/reports/construction-infra-industry/30474-tier-ii-a-iii-cities-growth-engines-for-the-future.html, NBMCW July 2013

Bansal, Sunita Pant, "*Encyclopedia of India*", Delhi: Smriti Books. ISBN 81-87967-71-4, 2005

Brandstaetter H, "*Becoming an entrepreneur - a question of personality structure*?", Journal of Economic Psychology, Volume 18,157-177, Apr 1997

Carlo Raffo, et al "*Teaching and learning entrepreneurship for micro and small businesses in the cultural industries sector*", Education + Training, Vol. 42 Iss: 6, pp.356 – 365, 2000

Chirstian Bruyat & PA Julien, "*Defining the field of research in entrepreneurship*", Journal of Business Venturing 16, , pp 165–180, 2000

Cihan Aktas, "*The SMEs in the global world: Issues and Prospects"*, Central Bank of Republic of Turkey, 2010

Daniel Goleman, "*What makes a leader*", Best of Harvard business review, 1998

David Rae and Mary Carswell, "*Using a life-story approach in researching entrepreneurial learning: the development of a conceptual model and its implications in the design of learning experiences"*, Education + Training, Vol. 42 Iss: 4/5, pp.220 – 228, 2000

David W. Penn et al,"*Learning in smaller organisations*", The Learning Organization, Vol. 5 Iss: 3, pp.128 – 137, 1998

Divya Sampath, "*How can Indian SMEs become export competitive"*, SMEs-Key drivers for growth, ICFAI books, 2008

Don Macke, "*Entrepreneurs and Entrepreneurship*", Centre for Rural Entrepreneurship, p3, 2002

Donald F Kuratko (2005), "*The emergence of entrepreneurship education: development, trends and challenges"*, Wiley Online Library, Entrepreneurship theory and practice, 2005

Doug Henton et al, Collaborative Economics with input from Next Silicon Valley Leadership Group members, "*Preparing for the Next Silicon Valley Opportunities and Choices*", http://www.geocities.ws/fosilramcom/ DOWNLOAD/commtheory.pdf, June 2002

Fatoki Olawale et al, "*Obstacles to the growth of new SMEs in South Africa,* African journal of Business Management, 2010

Ghani E et al, "*Spatial determinants of entrepreneurship in India*", Taylor and Francis Online, Regional Studies, Volume 48, Issue 6, 2014

Ghoshal SN, *"Innovative Strategies to finance SMEs"*, SMEs-Key drivers for growth, ICFAI books, 2008

Harish B, "*Quality Management Principles for SMEs*", SMEs-Key drivers for growth, ICFAI books, 2008

Helen Reijonen, Raija Komppula, "*Perception of success and its effect on small firm performance*", Journal of Small Business and Enterprise Development, Vol. 14 Iss: 4, pp.689 – 701, 2007

Holcomb, T. R et al, "*Architecture of entrepreneurial learning: Exploring the link among heuristics, knowledge, and action*" Entrepreneurship: Theory &Practice, 33(1):167–92, 2009

Integral Assets Consulting, "*Youth Entrepreneurship, Theory, Practice and Field Development*", WK Kellogg foundation youth and education unit, 2006

Jaloni Pansiri, Zelealem T. Temtime, "*Linking firm and managers' characteristics to perceived critical success factors for innovative entrepreneurial support*", Journal of Small Business and Enterprise Development, Vol. 17 Iss: 1, pp.45 – 59, 2010

Jason Daley, "*Are entrepreneurs born or made*?", Entrepreneur issue Oct 2013

Jaswa SS, "*Problems and Prospects of Micro, Small & Medium Enterprises (MSME's) in India*", International Journal of Innovative Research and Studies, May 2014

Jayshree S and Ramraj, "*Entrepreneurial Ecosystem: Case Study on the Influence of Environmental Factors on Entrepreneurial Success*", European journal of business and management Vol 4, No 16, 2012

Jeyaseeli DHV et al (2014) in their paper "*A Study to Assess The Performance of Micro, Small and Medium Enterprises (MSMEs) in India with Special Reference to Tamilnadu*", International Journal of Scientific Research, Entrepreneurship, Vol 3 Issue 4, April 2014

Khrystyna Kushnir et al, "*MSME Enterprises around the world: how many are there and what affects their count"*, World Bank/ IFC MSME country indicators, 2010

Kumar D Srinivas et al, "*Sustainable Trends and Policies of MSME in Economic Development in India: An Empirical Study"*, International Journal of Management and Business Studies, Vol 3, Issue 2, April to June 2013

Lans TW, Hulsink H, Baert H and Muld M, "*Entrepreneurship education and training in the small business context: Insights from the competence-based approach*", Journal of Enterprising Culture 16(4):363–83, 2008.

Leonard Bisk, "*Formal entrepreneurial mentoring: the efficacy of third party managed programs*", Career Development International, Volume 7, Number 5, 2002

Leslie Palich and Ray Bagby "*Using Cognitive theory to explain entrepreneurial risk-taking: Challenging conventional wisdom*", Journal of business venturing, Volume 10, Issue 6, pp 425-438, Nov 1995

Mari Ahonen, "*Branding - does it even exist among SMEs*?", Proceedings of the 16th Nordic Conference on Small Business Research, May 21st-23rd 2008, Tallinn, Estonia

Michael J. Enright et al (2000), "*Enhancing the competitiveness of SMEs in the global economy: Strategies and policies*", Organisation for Economic Co-operation and Development, pp 3-4, 2000

Michale H Morris, "*What should we really be teaching: competencies as a focal point for entrepreneurship education*", California Entrepreneurship Educators Conference, San Diego, March 2014

Michelle Adams et al (2013), "*Knowledge transfer for sustainable innovation: a model for academic-industry interaction to improve resource efficiency within SME manufacturers"*, Journal of Innovation management in SME, 2013

Mitchelmore S, Rowley J, "*Entrepreneurial competencies: a literature review and development agenda*", International Journal of Entrepreneurial Behaviour & Research, Vol. 16 Iss: 2, pp.92 – 111, 2010

Mohideen AK and Babu Rao A, "*Strategic Management of Micro, Small and Medium Enterprises (MSME's): Know your Entrepreneur-KYE*", International Center for Business Research, Issue: Volume 2 –Apr 2013

Muritala Taiwo et al, "*Impact of Small and Medium Enterprises on Economic Growth and Development*", American Journal of Business and Management, 2012

Muthuchitra M, "*A study on marketing problems of entrepreneurs*", International Journal of Management, Vol 4 Issue 4, July -Aug 2013, pp82-85

Patricia R Todd et al, *"Internationalization of SMEs in India: Fostering Entrepreneurship by leveraging information technology"*, SMEs-Key drivers for growth, ICFAI books, 2008

Per Davidsson, *"Continued entrepreneurship: Ability, need, and opportunity as determinants of small firm growth"*, Journal of Business Venturing, Volume 6, Issue 6, November 1991, Pages 405-42

Priya D Gupta et al, *"Firm growth and its determinants"*, Journal of Innovation and Entrepreneurship, 2013

Ramanujam V and Arun Vidya K, *"A study on impact of critical characteristics on the career success of MSME entrepreneurs*", International Journal of Business and administration research review V0l.3 Issue 5, April – June 2014, pp58-64

Rao NJ et al, "*SMEs in India: Set for Big Role*", SMEs-Key drivers for growth, ICFAI books, 2008

Robert McIntyre, *"The Role of Small and Medium Enterprises in Transition: Growth and Entrepreneurship"*, UNU World Institute for Development Economics Research, pp 46-47, 2001

Robert Sullivan, "*Entrepreneurial learning and mentoring*", International Journal of Entrepreneurial Behaviour & Research, Vol. 6 Iss: 3, pp.160 – 175, 2000

Sajid Gul et al, *"Working capital management and performance of SME Sector*", European Journal of Business and Management, 2013

Saravanan K and Vijayarani K, *"Problems and prospects of MSME in Thanjavur District"*, International Journal of World research, 2014

Satish and Surender, "*SME Ratings – A welcome move*", SMEs-Key drivers for growth, ICFAI books, 2008

Sisodiya AS, "*SMEs in India – Future perfect*", SMEs-Key drivers for growth, ICFAI books, 2008

Srikumar UJ, *"SMEs and global competitiveness: Strategies for survival and growth in the WTO Era"*, SMEs-Key drivers for growth, ICFAI books, 2008

Sriraman VP et al, *"Enhancing competitiveness of the bottom of the pyramid – the role of SME and rural artisan clusters in India"* SMEs-Key drivers for growth, ICFAI books, 2008

Stephan Goetz and David Freshwater, "*State-Level Determinants of Entrepreneurship and a Preliminary Measure of Entrepreneurial Climate"*, Economic Development Quarterly Vol 15, 58-70 Feb 2001

Temi Abimbola, Christine Vallaster, "*Brand, organisational identity and reputation in SMEs: an overview*", Qualitative Market Research: An International Journal, Vol. 10 Iss: 4, pp.341 – 348, 2007

Uma P, "*Role of SMEs in economic development of India*", Asia Pacific Journal of Marketing & Management Review, 2013

Valerji Dermol, "*Development of Entrepreneurial competences*", International School for Social and Business Studies, Celje, Slovenia, 2011

Vasanth Kiran et al, "*Innovative marketing strategies for micro, small and medium enterprises"*, Interdisciplinary journal of contemporary research in business, 2012

Venkateswar Rao C and Venkateswar M, "*Motivational factors influencing entrepreneurship in MSMEs – A study with special reference to Gundlapalli of Prakasam district in AP*", SELP Journal of Social Science, Vol V: Issue. 21, July - September 2014

Vettriselvan R et al, "*Human Resource Management Issues in Micro, Small and Medium Enterprises in Tamil Nadu*", International research journal of business and management, 2014

Vincenzo Quadrini, "*Entrepreneurship, Saving and Social mobility"*, Science Review, Review of Economic Dynamics, Volume 3, Issue 2, January 2000

Websites

http://dcmsme.gov.in/dips/IPS%20Madurai%202012_tr.pdf

http://en.wikipedia.org/wiki/Entrepreneurship

http://en.wikipedia.org/wiki/List_of_Indian_states_by_GDP#mediaviewer/File:Top_five_states_by_GDP.gif

http://en.wikipedia.org/wiki/Madurai

http://en.wikipedia.org/wiki/Madurai_district

http://info.tabboards.com/Running%20My%20Business/Member%20Retention/White%20Papers/Book%20summaries/Innovation%20and%20Entrepreneurship.pdf

http://laghu-udyog.gov.in/partners/nsic.htm

http://mofpi.nic.in/writereaddata/msme.pdf

http://msme.gov.in/mob/AboutMSME.aspx

http://msme.gov.in/web/Portal/About-ministry.aspx

http://msme.gov.in/WriteReadData/DocumentFile/ANNUALREPORT-MSME-2013-14P.pdf, pp18

http://msme.gov.in/WriteReadData/Whatsnew/Programees%20for%20MSME%20Final%20Title.pdf, pp3

http://nbmcw.com/reports/ construction-infra-industry/30474-tier-ii-a-iii-cities-growth-engines-for-the-future.html, NBMCW July 2013

http://planningcommission.nic.in/data/datatable/0306/table%20168.pdf

http://whitman.syr.edu/wsmhelp/faculty-resources/instructional-design-delivery/teaching-pedagogy/blooms-taxonomy.aspx

http://www.babson.edu/News-Events/babson-news/Pages/110620-does-entrepreneurship-education-have-value-can-entrepreneurship-be-taught.aspx, 2011

http://www.businessdictionary.com/definition/entrepreneurship.html

http://www.dcmsme.gov.in/ANNUALREPORT-MSME-2012-13P.pdf, pp22

http://www.dcmsme.gov.in/clusters/unido/pinit.htm

http://www.dcmsme.gov.in/MSME-DO/sido.htm

http://www.dicmdu.in/

http://www.dicmdu.in/industries%20potential.htm

http://www.dicmdu.in/micro%20small.htm

http://www.dicmdu.in/profile.htm

http:// www.elcot.in/madurai.php

http://www.emuni.si/press/ISSN/1855-3362/3_027-047.pdf

http://www.entrepreneur.com/ article/228273

http://www.ifc.org/wps/wcm/connect/4760ee004ec65f44a165bd45b400a808/ MSME+Report-03-01-2013.pdf

http://www.investingintamilnadu.com/tamilnadu/doc/policy/Tamil_Nadu_MSME_Policy_2008.pdf, pp 1-4

http://www.madu.in/organisations/madurai_district_tiny_and_small_scale_industries_association_%28maditssia%29.html

http://www.madurai.tn.nic.in/industries.html

http://www.merriam-webster.com/dictionary/entrepreneur

http://www.oecd.org/regional/leed/1918307.pdf

http://www.oxforddictionaries.com/words/british-and-american-spelling

http://www.quickmba.com/entre/definition/

http://www.rediff.com/business/slide-show/slide-show-1-cities-that-will-shape-indias-future/20111012.htm#30,

http://www.sonoma.edu/users/s/swijtink/teaching/philosophy_101/paper1/goleman.htm

http://www.undp.org/content/dam/samoa/docs/UNDP_WS_TLDP2_Whatmakesaleader.pdf

https://www.msmedichennai.gov.in

https://www.pwc.in/en_IN/in/ assets/pdfs/publications/2013/msme.pdf, 2013

https://www.unicef.org/lifeskills/index_7308.html

ANNEXURE 1

A Study of Determinants of Entrepreneurship and Its Impact on MSME Sector Sustainability in Madurai

Questionnaire

I. Demographic Data

1.1. Name of the Entrepreneur :

1.2. Sex : Male / Female

1.3. Age :

1.4. Qualification

(Please **'Tick'** in the relevant box)

a) School Education ☐ b) Degree ☐

c) Professional Degree ☐ d) Technical Degree (Polytechnic /ITI) ☐

e) Others ☐ f) None of the above ☐

1.5. Marital Status :Married / Single

1.6. Family Type : Single / Joint / Nuclear

1.7. Nature of business : Manufacturing / Trading / Service

1.8. If it is 'Manufacturing Industry', focus is on : Industrial goods/ Consumer goods/ Other goods

1.9. Date when organization was established :

D	D	M	M	Y	Y	Y	Y

(D: Date; M: Month; Y: Year)

1.10. Name and Address of the Organisation :

_____

_____

1.11. Organization was started : Before Marriage / After Marriage

II. Employment Data

2.1. Was any one in your family involved in any form of business or trade? If so, who all were involved? Was it the same business you are in?

Yes / No

2.2. Father's / Guardian's Occupation

(Please 'Tick' in the relevant box)

a)	Agriculture	☐	b)	Employee in Private Sector	☐
c)	Employee in Public Sector	☐	d)	Employee in Government Sector	☐
e)	Employee in Co-operative Sector	☐	f)	Professional	☐
g)	Business	☐	h)	Self Employment	☐
i)	Any other (Please specify)	☐			

2.3 Did you earn any other income from any other source during your previous employment period? (Please 'Tick' in the relevant box)

a)	Rent from House / building	☐	b)	Bank interest on any deposit	☐
c)	Interest on any other deposits	☐	d)	Interest on any investments	☐
e)	Income from savings like postal, insurance etc.,	☐	f)	Income from Agriculture	☐
g)	Other Income (from shares etc)	☐	h)	No additional income	☐

2.4. State the range of additional income per month earned by you before starting your own enterprise (Please 'Tick' in the relevant box)

a) Below Rs. 10,000 ☐ b) Rs. 10,000 to Rs. 20,000 ☐

c) Rs. 20,000 to Rs. 30,000 ☐ d) Above Rs. 30,000 ☐

e) No income ☐

2.5. Mention your present range of income per month
(Please Tick in the relevant box)

a) Below Rs. 50,000 ☐ b) Rs. 50,000 to Rs. 1 Lakh ☐

c) Rs. 1 Lakh to Rs. 3 Lakhs ☐ d) Rs. 3 Lakhs to Rs. 5 Lakhs ☐

e) Above Rs. 5 Lakhs ☐

2.6. How did you acquire the knowledge about entrepreneurial environment?
(Please Tick in the relevant box)

a) By reading books / periodicals ☐

b) Visit to a foreign country ☐

c) Visit to other Industries in/out side Country ☐

d) Visit to Trade Fairs/ Exhibition ☐

e) Attending Business Seminars/Conferences ☐

f) Association with family members ☐

g) Association with friends doing business ☐

h) Association with Organisations (like DIC, TIIC, Banks, MADITSSIA, Chamber of Commerce, CII, Industrial Estate, SIDCO etc) ☐

III. Employment Data

3.1. Commencement of Business: How did you get the idea to start business?

(Please 'Tick' in the relevant box)

a)	Relatives	☐
b)	Friends	☐
c)	Lack of suitable employment	☐
d)	Government Schemes / Subsidiaries	☐
e)	Directorate of Industries / Commerce (State / Central Govt. Departments)	☐
f)	District Industries Centre	☐
g)	MSME Office	☐
h)	Chamber of Commerce	☐
i)	Confederation of Indian Industry	☐
j)	Financial institutions	☐
k)	Entrepreneurship Development Cell	☐
l)	Any other source (please specify)	☐
m)	Joined family business	☐

3.2. Seed capital.

3.2.1. Where / How did you get the initial (seed) capital for your business?

(Please 'Tick' in the relevant box)

3.2.1.1. Own funds

a) Own savings ☐ b) VRS Benefits ☐

c) Parents assets / wealth ☐ d) Others ☐

3.2.1.2. Loan funds

a) Loan from Relatives ☐ b) Bank Loan ☐

c) Loan from Friends ☐ d) Loan from Private Finance Parties ☐

e) Government Loans ☐ f) TIIC / SFC / IFC ☐

3.2.2. What did you feel about the seed capital when you started your business?

Please go through each of the opinions given below and place a tick in the appropriate box, choosing from the 5 point scale herein.

SA – Strongly Agree; **A** – Agree; **NO** – No Opinion; **DA** – Disagree; **SDA** – Strongly Disagree.

Sl. No	Opinion	SA	A	NO	DA	SDA
1.	Felt seed capital was not enough					
2.	Felt that even without seed capital, one can start a business and grow it					
3.	Felt seed capital is important to gain credibility in availing loans					
4.	Felt seed capital would enable solve teething trouble quickly					
5.	Felt that seed capital gives confidence and paves the way for sustained growth					
6.	Felt that innovative ideas and a feasible business project will enable me get seed capital easily					
7.	Felt that loan for seed capital would be available at lowest interest from commercial bank					

3.3. Capital Structure

3.3.1. State your own capital range invested for your business

a) Below Rs. 25 Lakhs ☐ b) Rs. 25 Lakhs to Rs. 50 Lakhs ☐

c) Rs. 50 Lakhs to Rs. 75 Lakhs ☐ d) Rs. 75 Lakhs to Rs. One Crore ☐

e) Above Rs. One Crore ☐

3.3.2. State the contribution of capital towards fixed nature

a) Below 10%of the own capital ☐ b) 10% to 20% of the own capital ☐

c) 20% to 30% of the own capital ☐ d) 30% to 40% of the own capital ☐

3.3.3. State the amounts borrowed for the business

3.3.3.1. From Banks

a) Below Rs. 25 Lakhs ☐ b) Rs. 25 Lakhs to Rs. 50 Lakhs ☐

c) Rs. 50 Lakhs to Rs. 75 Lakhs ☐ d) Rs. 75 Lakhs to Rs. One Crore ☐

e) Above Rs. One Crore ☐

3.3.3.2. From other financial institutions

a) Below Rs. 25 Lakhs ☐ b) Rs. 25 Lakhs to Rs. 50 Lakhs

c) Rs. 50 Lakhs to Rs. 75 Lakhs ☐ d) Rs. 75 Lakhs to Rs. One Crore

e) Above Rs. One Crore ☐

3.3.3.3. From Private finance/ Friends/ Relatives and the like

a) Below Rs. 25 Lakhs ☐ b) Rs. 25 Lakhs to Rs. 50 Lakhs ☐

c) Rs. 50 Lakhs to Rs. 75 Lakhs ☐ d) Rs. 75 Lakhs to Rs. One Crore ☐

e) Above Rs. One Crore ☐

3.3.4. What do you feel about the capital of your business now?

Please go through each of the opinions given below and place a tick in the appropriate box, choosing from the 5 point scale herein.

SA – Strongly Agree; **A** – Agree; **NO** – No Opinion; **DA** – Disagree; **SDA** – Strongly Disagree.

Sl.No	Opinion	SA	A	NO	DA	SDA
1.	Feel that the capital is adequate					
2.	Am hopeful of raising funds as capital from other sources					
3.	Capital is effectively utilized					
4.	Bank formalities are complicated; funds are delayed and shortage of capital affects the business					
5.	Loans that are available are only for a short period and immediate repayment is insisted on					
6.	Feel that sufficient capital would give additional confidence					
7.	Feel the need of knowledge in financial management					

3.4. Location

3.4.1. Locational advantages of the site where your business is operating (Number the following in the order of priority)

Sl.No	Climate Categories	Rank Order No.
1.	Availability of Raw Materials	
2.	Availability of Skilled Labour	
3.	Availability of Cheap Land	
4.	Availability of Power	
5.	Proximity to District HQ	
6.	Proximity of Transport	
7.	Nearness to SIDCO/Industrial Estate	
8.	In my Native Place	

3.4.2. What do you feel about the location of your business?
Please go through each of the opinions given below and place a tick in the appropriate box, choosing from the 5 point scale herein.

SA – Strongly Agree; **A** – Agree; **NO** – No Opinion; **DA** – Disagree; **SDA** – Strongly Disagree.

Sl.No	Opinion	SA	A	NO	DA	SDA
1.	Location plays a significant role in business					
2.	Appropriate selection of location saves cost					
3.	Location plays a role in procurement of raw materials in time for continuous production					
4.	Location supports identifying the right type of labour needed for the business					
5.	Location gives prestige to the business					
6.	One shouldn't invest a high amount in the location of business					

7.	Cheap land with wide area is generally enough, location doesn't matter					
8.	Future expansion is to be considered while selecting the location of the business					
9.	Location is immaterial; maintaining product quality is sufficient					
10.	Access to city limits is important for my business					

3.5. Labour

3.5.1. Details of Labour in the organization

Number of workers/ staff employed in your organization **(**Please tick the appropriate box under each category of labour/ staff available in your organization)

Sl.No	**TYPE OF LABOUR**	**Below 5**	**5 to 10**	**10 to 15**	**15 to 20**	**20 to 50**	**Above 50**
1.	Skilled						
2.	Semi-skilled						
3.	Unskilled						
4.	Managerial staff						

3.5.2. What do you feel about the labourers working or required in/for your business?

Please go through each of the opinions given below and place a tick in the appropriate box, choosing from the 5 point scale herein.

SA – Strongly Agree; **A** – Agree; **NO** – No Opinion; **DA** – Disagree; **SDA** – Strongly Disagree

Sl.No	**Opinion**	**SA**	**A**	**NO**	**DA**	**SDA**
1.	Cheap labour is available					
2.	Skilled labour is available					
3.	People management knowledge is a major factor for success in business					

4.	All recruited labour require full fledged training					
5.	Training labour involves high costs					
6.	Labour migration affects the business substantially					
7.	My labour is very supportive & trust worthy					
8.	Tackling labour is quite easy					

3.6. Marketing

3.6.1. What do you feel about the marketing processes involved in your business?

Please go through each of the opinions given below and place a tick in the appropriate box, choosing from the 5 point scale herein.

SA – Strongly Agree; **A** – Agree; **NO** – No Opinion; **DA** – Disagree; **SDA** – Strongly Disagree

Sl.No	Opinion	SA	A	NO	DA	SDA
1.	Marketing my products/ services is easy					
2.	Need to know more about marketing function					
3.	Schemes/ offers are necessary to push our products					
4.	Massive advertisement is necessary even if good quality is maintained					
5.	Market expects brand value					
6.	Market expects variety					
7.	There is huge competition from large scale organizations and MNCs in local markets					
8.	Due to failure in marketing, many small scale industries have given their space on rent or lease to large operators					

9.	My marketing strategy is excellent					
10.	Sales personnel problems affect marketing					
11.	Special market for SME products is needed					
12.	Retail/ rural/ online marketing by large scale organizations and MNCs should be controlled for the survival of and to rejuvenate the SMEs					

3.7. Registration

3.7.1. Date of Registration / Commencement of business

3.7.2. Type of Organisation (Please **'Tick'** in the relevant box)

Sl. No.	Type of organization	At Commencement	At Present
1.	Sole Proprietorship	☐	☐
2.	Partnership	☐	☐
3.	Joint Stock Company	☐	☐
4.	Other forms, please specify	☐	☐

3.8. Sales and Profit / Loss:

Sl No.	**Sales (in rupee terms)**	**Net Profit (in rupee terms)**	**Net Loss (in rupee terms)**
2008			
2009			
2010			
2011			
2012			
2013			

IV. Factors associated with entrepreneurship

4.1. Accessibility factors

(Please go through each of the statements given below and place a tick in the

appropriate box, choosing from the 5 point scale herein)

SA – Strongly Agree; **A** – Agree; **NO** – No Opinion; **DA** – Disagree; **SDA** – Strongly Disagree.

Sl.No	Statements	SA	A	NO	DA	SDA
1.	I have financial access to micro finance and other lending institutions					
2.	I have access to necessary raw materials					
3.	I have access to market for my products.					
4.	I have an access to information to exploit business opportunities.					
5.	I have access to varied business training.					
6.	I have access to necessary technology.					
7.	I have access to adequate infrastructure					

4.2. Social factors

Sl.No	Statements	SA	A	NO	DA	SDA
1.	I have good social acceptance as an entrepreneur					
2.	I have a good network in my business circles					
3.	I have a good network outside business also					
4.	I have no class biases or prejudices					
5.	My product / service is accepted well by society					
6.	My employees' attitude towards my business is positive					
7.	I have a gender bias					

8.	I am strongly influenced by our local culture					
9.	I have a good network with local administrative bodies/ policy makers					

4.3. Motivational factors: (on what motivated me to be an entrepreneur)

Sl.No	Statements	SA	A	NO	DA	SDA
1.	To be my own boss					
2.	To prove that 'I can do it'					
3.	For my own satisfaction and growth					
4.	To be able to use my past experience and training					
5.	To increase my income					
6.	To provide employment opportunities to family members					
7.	To provide employment opportunities to many others					
8.	To have a sense of security					
9.	To build a business to pass on as a legacy					
10.	To maintain my personal freedom and independence					
11.	To be closer to my family					
12.	To enjoy my work					
13.	To add value to family business					

14. Other aspects, if any, can be elaborated in one or two lines.

V. Factors associated with entrepreneurship

(Please 'Tick' the appropriate box based on your rating yourself on these points on a scale of 1 to 5, where 5 is the highest and 1 is the lowest)

5.1. Applied Knowledge

Sl No	Variables	1	2	3	4	5
1.	Strategy					
2.	Finance					
3.	Marketing & Sales					
4.	Human Resource / People Management					
5.	Operations					
6.	Statutory Requirements					
7.	Information & Communication Technology					

5.2. Business Management Skills

Sl No	Variables	1	2	3	4	5
1.	Managerial skills					
2.	Leadership skills					
3.	People skills					
4.	Business skills					

5.3. Entrepreneurial Approach

Sl No	Variables	1	2	3	4	5
1.	Innovation					
2.	Information seeking					
3.	Risk taking & risk awareness					
4.	Networking strengths					

5.4. Entrepreneurial Attitude - Personal

Sl No	Variables	1	2	3	4	5
1.	Self awareness					
2.	Empathy					
3.	Inter personal relationship					
4.	Self control					
5.	Ability to handle success					

5.5. Entrepreneurial Attitude – Business related

Sl No	Variables	1	2	3	4	5
1.	Ability to handle barriers & speed breakers					
2.	Ability to handle statutory issues					
3.	Ability to handle expansion					
4.	Ability to handle career comparisons					
5.	Undisputed burning desire to succeed					
6.	Business compatibility with personal interest					
7.	Undeviating focus on business					

5.6. Support & Guidance for entrepreneurial journey

Sl No	Variables	1	2	3	4	5
1.	Mentorship support					
2.	Family support					
3.	Partnership support					
4.	Team/ Employees' support					
5.	Financial strength					
6.	Others (Specify)					