

Factors Influencing General Problems Encountered by the First Generation Entrepreneurs in Madurai, Tamilnadu

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Abstract

Entrepreneur is one of the important inputs in the economic development of a country or of regions within the country. Entrepreneurial competence makes all the difference in the rates of economic growth. As the only source to unemployment, they definitely opt for a career in entrepreneurship. There is no need to possess previous experiences in business or no need to run the family business. A study on the first generation entrepreneurs in the small scale industry in Madurai city is a maiden attempt made by the research. The main objectives of the present study are the problems encountered by the first generation entrepreneurs in small scale industry. Factor analysis was done with 12 variables (OPINION) Orthogonal Varimax Rotation for the opinion of the respondents towards the much influencing factors to start enterprises by the first generation entrepreneurs, have an impact on their behavioral attitudes in the study area. In the glow of the research conducted, to enhance the entrepreneurship culture in the minds of the youngsters as well as in the interest of the nation. Proper entrepreneurship education should be given at school. Best young entrepreneurship idea oriented students are to be identified at high school/higher secondary school level and they should be under keen observation by the entrepreneurship incubators.

Keywords: Entrepreneur; Orthogonal varimax; Small scale industry; Training and finance

Introduction

Entrepreneur is one of the important inputs in the economic development of a country or of regions within the country. Entrepreneurial competence makes all the difference in the rates of economic growth. The small-scale industrial sector and business are left completely by private entrepreneurs. Several factors go into the making of an entrepreneur. Individuals, who initiate, establish, maintain and expand new enterprises, constitute the entrepreneurial class. The socio-political and economic conditions, the availability of industrial technology and know-how, state of art and culture of business and trading, existence of markets for products and services and the incentives and facilities available for starting an industry or business, all have a bearing on the growth of entrepreneurship [1]. Conducive environment is created through the policies and interest of the government in economic and industrial development.

First generation entrepreneurs

There are millions of unemployed youth in the country and by this time, this number would have increased substantially. Instead of being a part of that group which keeps knocking from pillar to post, checking with employment exchanges, relatives, friends, and neighbors and still not able to get a job to their liking and then settle for a second or third rate job, they can also choose to be like Mr. Patel of 'Nirma' who was a chemist's assistance once and now owns a Rs. 2500 crore company. The original Mr. Bata who was a cobbler once has stores in more than 30 countries all over the world now.

As the only source to unemployment, they definitely opt for a career in entrepreneurship. There is no need to possess previous experiences in business or no need to run the family business. For the first time in a family if any person comes forward with a vision to set up a business/industry or with entrepreneurship ideas, he/she is called first generation (in his/her family) entrepreneur and the word is common to both sex.

Significance of the Study

A study on the first generation entrepreneurs in the small scale

industry in Madurai city is a maiden attempt made by the research. The first generation entrepreneurs do not know even the basics of entrepreneurship and under this situation how they can come up as successful entrepreneur is the problem identified by the researcher [2]. Besides these problems many first generation entrepreneurs are coming up to business and getting success every day. This study aims to scan the problems faced by them and to reveal the remedial measures that will guide the rest of the world especially to the unemployed educated youth to know success route.

Statement of the Problem

It is evident that the first generation entrepreneurs in and around Madurai city are engaged in various activities like industrial engineering, trade, agricultural engineering, tourism development, catering technology and hotel management, food production, ready-made garments manufacturing, soft-drinks production, bakery, flour mills, electrical and electronic goods manufacturing, polythene bags and PVC pipe manufacturing, steel and wooden furniture manufacturing and travel business [3]. Entrepreneurs engaged in these types of activities are based on their knowledge and skills acquired through formal education. Entrepreneurs of first generation are not doing well though they have entered into small-scale industrial ventures. They face a lot of operational problems while managing their establishments. The problems are, lack of raw-material, finance, marketing, government, funding agencies, competition and support from the family. Because of the multi-various problems the entrepreneurs feel frustrated, and they

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could not concentrate in sustaining the growth of their business.

Objectives of the Study

The main objectives of the present study are the following:

1. To unearth the problems encountered by the first generation entrepreneurs in small scale industry in Madurai city.
2. To offer the summary of findings, suggestions and conclusion on the study of first generation entrepreneurs.

Period of study

The present study is based on the primary. The primary data have been collected from the respondents directly for the period of study is impounded to one year. (i.e., 2014-2015).

Collection of data

The present study covers both primary data. The required primary data were collected through structured questionnaire.

Framework of analysis

In this paper, an attempt has been made to identify the factors which influenced the first generation entrepreneurs to identify their skills. For this, 12 statements relating to the other general problems encountered by the first generation entrepreneurs have been selected to identify the significant dimensions of the factors, with the help of factor analytical technique.

In the present study, the principal factor analysis method with orthogonal varimax rotation is used to identify the factors influencing the overall skills and ability of the entrepreneurs in the study area.

Factor analysis was done with 12 variables (OPINION) Orthogonal Varimax Rotation for the opinion of the respondents (sample first generation entrepreneurs) towards the other general problems encountered by the first generation entrepreneurs, have an impact on their behavioral attitudes in the study area.

The rotated factor matrix for the variables relating to other problems encountered by the first generation entrepreneurs and entrepreneurship attitude of the respondents in the study is given as follows.

From Table 1, it is observed that the first factor is designed as “GOVERNMENT NORMS/TRAINING/FINANCE” on the basis of the loaded variables. In the first factor three variables in this category are significant with high factor loading. It indicates that among the various performance scales, ‘EDP–Activities improvement’, ‘Total Govt. support’, and ‘Contribution of Financial Institutions timely Assistance’ are important attributes in this category. Thus, “GOVT. NORMS/TRAINING/FINANCE” is required as an important factor to influence the first generation entrepreneurs in their walk of business life, in Madurai city.

The second factor is narrated as “FINANCE SUPPORT” on the basis of the loaded variables. Five variables in this category are important with high factor loading. It indicates that among the various performance scales, ‘Financial assistances against educational certificates,’ ‘Poor service by Banks’, ‘Special consideration to FGEs’, ‘All time support from Govt.’ and ‘Active Trade Associations’, are important attributes in this category. Thus, it indicates entrepreneurs to get funds or financial assistance to run their enterprises, but he finds problem in availing such services affecting, them in the study area [4-6].

The third factor is identified as “PRACTICAL EXPOSURE”, on the basis of the loaded variables. Two variables in this category are important with high factor loading. It indicates that among the various performance scales, ‘Poor subsidy support from Govt.’ and ‘Learning out of experience’ affects attributes in this category. Thus, the “PRACTICAL EXPOSURE” which influences the first generation entrepreneurs, is identified by the researcher in the study area.

It is concluded from the above factor analysis that the following factors are identified to influence the first generation entrepreneurs with reference to the advantages in the study area:

1. Govt. Norms/training/finance
2. Finance support
3. Practical exposure

Factors influencing much, to start enterprises by the first generation entrepreneurs

In the present study, the principal factor analysis method with orthogonal varimax rotation is used to identify the factors influencing

Sl. No.	Opinion Variables	Rotated Factor Loadings			h ²
		F1	F2	F3	
1.	EDP – Activities improvement	.99207	-.02744	.02723	.98571
2.	Total Govt. support	.99207	-.02744	.02723	.98571
3.	Contribution of Financial Institutions timely Assistance	.99207	-.02744	.02723	.98571
4.	Financial assistances against educational certificates	.00973	.96797	-.00902	.93715
5.	Poor service by Banks	.00973	.96797	-.00902	.93715
6.	Special consideration to FGEs	.08338	.73155	-.33245	.65264
7.	All time support from Govt.	-.25032	.59771	.19697	.45872
8.	Active Trade Associations	.11802	.58119	-.52699	.62943
9.	Cumbersome procedures	.20330	-.10319	.86861	.80645
10.	Need of Education and experience to Entrepreneurship	-.11910	.26136	.74281	.63396
11.	Poor subsidy support from Govt.	.20709	-.36237	.58440	.51572
12.	Learning out of experience affects	.42245	.05619	-.54262	.50231
	Eigen values	3.65491	3.30817	2.08757	
	Percentage of variation	30.5	27.6	17.2	
	Cumulative percentage	30.5	58.0	75.3	

Table 1: Rotated Factor Matrixes for the Other General Problems Encountered by the Respondents.

Sl. No.	Opinion Variables	Rotated Factor Loadings				h ²
		F1	F2	F3	F4	
1.	Unemployment	.99178	-.01282	-.00542	.05087	.91568
2.	Enterprising Nature	.99178	-.01282	-.00542	.05087	.98640
3.	Diversification of employment	.99178	-.01282	-.00542	.05087	.75219
4.	Ambition/Goal in life	.45151	.06967	-.42463	-.34284	.98640
5.	Economic factors	.00201	.94236	.10529	-.12862	.67773
6.	Success stories of entrepreneurs	-.00732	.90802	.03765	-.10480	.98640
7.	Courageous to face/take risk	.08455	.70630	-.10939	-.39969	.82139
8.	Threats available in previous employment	-.28082	.64811	-.02885	.50245	.50657
9.	To use idle funds ideally	.07646	.63044	-.57402	.00626	.73284
10.	To attain social status	-.08351	.15192	.88744	-.06151	.76188
11.	To make use his own Knowledge For social development	.19834	-.11560	.70902	.45416	.83696
12.	Property inherited/acquired	.15834	-.25724	.10392	.79592	.73553
	Eigen values	3.47792	3.25319	1.92052	1.04814	
	Percentage of variation	29.0	27.4	16.0	8.7	
	Cumulative percentage	29.0	56.1	72.1	80.8	

Table 2: Rotated Factor Matrixes for the Much Influencing Factors to Be A First Generation Entrepreneur.

the overall skills and ability of the entrepreneurs in the study area.

Factor analysis was done with 12 variables (OPINION) Orthogonal Varimax Rotation for the opinion of the respondents (sample first generation entrepreneurs) towards the much influencing factors to start enterprises by the first generation entrepreneurs, have an impact on their behavioral attitudes in the study area.

The rotated factor matrix for the variables relating to the influencing factors to turn as entrepreneurs by the respondents in the study is given as follows.

From Table 2, it is observed that the first factor is designed as “INTERNAL FACTORS” on the basis of the loaded variables. In the first factor four variables in this category are significant with high factor loading. It indicates that among the various performance scales, ‘Unemployment’, ‘Enterprising Nature’, ‘Diversification of employment’ and ‘Ambition/Goal in life’, are important attributes in this category. Thus, “PERSONAL CHARACTER” is identified as an important factor to influence the respondent to take a new ‘avatar’ as an entrepreneur and become as first of its kind in his family, in Madurai city [7].

The second factor is narrated as “EXTERNAL FACTORS” on the basis of the loaded variables. Five variables in this category are important with high factor loading. It indicates that among the various performance scales, ‘Economic factors’, ‘Success stories of entrepreneurs’, ‘Courageous to face/take risk’, ‘Threats available in previous employment’, and ‘To use idle funds ideally’, are important attributes in this category. Thus, it is indicating respondents to get ready for a paradigm shift from individual to entrepreneur to overcome the problems which are influenced by various above factors, affecting the first generation entrepreneurs in the study area.

The third factor is identified as “SOCIAL FACTORS”, on the basis of the loaded variables. Two variables in this category are important with high factor loading. It indicates that among the various performance scales, ‘To attain social statuses’ and ‘To make use his own Knowledge for social development’ are important attributes in this category. Thus the “SOCIAL FACTORS” also influences the first generation entrepreneurs and it is identified by the researcher in the study area [8].

The fourth factor is identified as ‘FAMILY FACTOR’, on the basis of the loaded variables. Only one variable in this category is playing significant role with high factor loading. It indicates that among the various performance scales, ‘Property inherited/acquired’ is the important attribute in this category. Thus, the ‘FAMILY FACTOR’ that influences the first generation entrepreneurs to get into business, is also identified by the researcher in the study area.

It is concluded from the above factor analysis that the following factors are identified to influence the first generation entrepreneurs with reference to the locational advantages in the study area:

1. Internal factors
2. External factors
3. Social factors
4. Family factors

Suggestions

In the glow of the research conducted, the following suggestions are furnished to enhance the entrepreneurship culture in the minds of the youngsters as well as in the interest of the nation.

Proper entrepreneurship education should be given at school level and the same concept is to be included under common based syllabus in a compulsory way.

Best young entrepreneurship idea oriented students are to be identified at high school/higher secondary school level and they should be under keen observation by the entrepreneurship incubators.

More support from the Governments of State and as well as Central is to be extended and the District Industries Centre should be modernized under the direct control of the District Collector to identify the right project, right entrepreneurs at right time in order to avoid political interference, delayed/poor services.

Subsidies, tax concession, relaxation of norms, may be introduced to new/first generation entrepreneurs.

Financial assistances may be approved against the educational certificates to the first generation/new entrepreneurs to motivate them by and large.

Conclusion

Among the external influencing factors, assistance from financial institutions and assistances from government are expected more but emerged to some extent as the most significant factors. Almost all the entrepreneurs are of the opinion that they would not have perhaps been able to implement the project without financial assistance, infrastructural facilities and the like. These factors are not the prime motivators but play the role of contributing factors in the implementation of the entrepreneurial idea. Availability of technology either from indigenous sources or from foreign collaborators also attracted a few entrepreneurs to take up manufacturing activities.

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