

# SUPPORT AND GUIDANCE FOR ENTREPRENEURIAL JOURNEY TOWARDS MSME ENTREPRENEUR IN MADURAI, TAMILNADU

N.Selvaraj<sup>1</sup> and P.F.E. Divakaran<sup>2</sup>

<sup>1</sup>Department of Commerce, Saraswathi Narayanan College, India

<sup>2</sup>Department of Business Administration, The American College, India

## Abstract

*The Micro, Small and Medium scale Enterprises are grown very rapidly over the years. No one can dream economic development of the nation without rapid industrial progress. In this regard, this study occupies very important role. Entrepreneurship is viewed as an adventurous journey by some while viewed as 'tempting fate' by 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'. The opinion regarding Mentorship support, Family support, Partnership support and Team/Employees 'support with personal interest and Undeviating focus on business are not equal to average level. Based on mean score, the opinion regarding all these statements of Support and Guidance for entrepreneurial journey are not above average level. For improving productivity, imparting of knowledge to the employees in MSMEs is also suggested. Further, the artisans are to be trained to develop their skills and also equip themselves to design according to the tastes and preferences of the consumers in different markets such as rural and urban, national and international.*

## Keywords:

*Partnership, Family, Mentorship, Team and Financial Strength*

## 1. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) sector plays a vital role in the overall development of any country. It is important to note that in addition to helping catalyse the growth of the economy, MSMEs lays platform of growth to large local and international value chains as well as local consumer markets such 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. Growing at the rate of 11.5% a year, the MSME sector performs better than the overall Gross Domestic Product (GDP) and industrial output [1]. MSMEs also create great employment opportunities. The major advantage of the sector is its employment potential at low capital cost. Indian cities have been experiencing the burden of a consistently growing population, comprising an ever-increasing proportion of migrants in search of employment and livelihood. The infrastructure in the cities is stretched to saturation 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 having to migrate to urban areas.

### 1.1 NEED FOR THE STUDY

The Micro, Small and Medium scale Enterprises are grown very rapidly over the years. No one can dream economic

development of the nation without rapid industrial progress. In this regard, this study occupies very important role. This study brings out the role of Micro, Medium and Small scale industries in the development Madurai reign of Tamilnadu. On the recommendations of various committees formed on the study of Small Scale Industries (SSI), the Govt. of India passed MSMEs Development Act, 2006 and later on the new industrial policy. Thus, this study is definitely useful to improve the investment, employment generation, profitability, and import / export share of the MSME sector in Tamilnadu. This particular study is also very useful to understand the role of business Enterprises in the rural and urban development of the economy also. People from rural and urban areas can also be benefited by getting information and knowledge related to how to set up of new Enterprises? They would also get information related to various schemes of Central and State Govt. for the business Enterprises. This study is also helpful to understand the effects of New Industrial Policy for MSMEs. It is also helpful to understand the role of MSMEs in the overall development Madurai reign of Tamilnadu. Hence, the present study made an attempt to analyze the determinants of entrepreneurship and their impact on sustainability of MSME sector Madurai reign in Tamilnadu.

### 1.2 STATEMENT OF THE PROBLEM

Entrepreneurship plays very significant role in industrial development. The industrially developed countries like U.S.A., Germany and Japan bear the evidence that an economy is an effect for which Entrepreneurship is the cause. Entrepreneurship can be defined as a process of giving birth to a new enterprise. 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 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 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 superpower. Hence, the present study made an attempt to study the determinants of entrepreneurship and their impact on sustainability of MSME sector Madurai reign in Tamilnadu.

### 1.3 OBJECTIVES OF THE STUDY

The confined objectives of the present study are:

- To understand the MSME landscape in the state Madurai reign of Tamilnadu.
- To ascertain and measure the perception of the Madurai reign of Tamilnadu MSME entrepreneurs regarding the various determinants of entrepreneurship.
- To determine the mental and psychological barriers which hinder the sustainability and growth of the Madurai reign of Tamilnadu MSME sector entrepreneurs.
- To offer suggestions for improving the determinants of entrepreneurship and their impact on sustainability of MSME sector on the basis of findings of the study.

## 2. REVIEW OF LITERATURE

Allan A. Gibb [2] 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 researching 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.

Sisodiya [3] in his paper, “SMEs in India –Future perfect” explains the emerging challenges and outlook for Indian SMEs with increased deregulation. He emphasizes that in order to compete globally and to play a bigger role, Indian SMEs need to pay greater attention to improve cost-efficiencies, technical know-how, quality and product innovation apart from achieving economies of scale.

Lans et al. [4] 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.

Harish [5] 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.

Agarwal et al. [6] 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 RandD institutions to carry out technology up gradation in long term and to overcome technological obsolescence.

Vettriselvan et al. [7] 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.

## 3. RESEARCH METHODOLOGY

Research methodology is a scientific and systematic way to solve research problems. The research methodology deals with research methods and taken into consideration the logic behind the methods. In total, the research methodology of the study includes research design, sampling framework, data collection, framework of analysis and limitations.

### 3.1 PERIOD OF THE STUDY

The researcher collected secondary data and primary data collected through a well structured questionnaire from October 2021 to march 2022

### 3.2 RESEARCH DESIGN OF THE STUDY

Research design is the conceptual structure within which the research is conducted. It is a blue print for the collection, management and analysis of the data. The research design in the present study is descriptive in nature since it describes the phenomena. Apart from this, the present study has its own objectives and pre-determined methodology. It is purely descriptive in nature.

### 3.3 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 when use in one situation but invalid if used in another. Cronbach [8] 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 [9] 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.

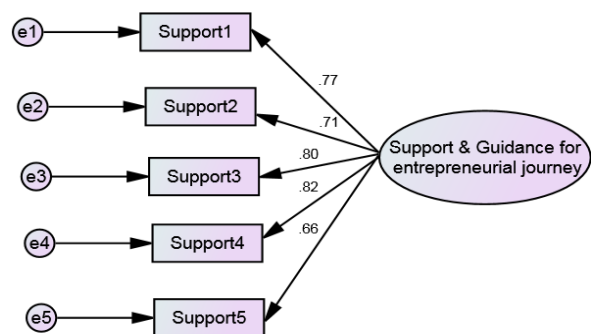


Fig.1. Measurement model for Support and Guidance for entrepreneurial journey

Table.1. Estimation of Cronbach's coefficient alpha and CFA loadings for Support and Guidance for entrepreneurial journey

Support and Guidance	CFA loadings	Cronbach alpha	Overall Cronbach alpha
Financial strength	0.770	0.666	0.720
Team/ Employees' support	0.712	0.667	
Mentorship support	0.797	0.689	
Family support	0.822	0.673	
Partnership support	0.659	0.671	

The Table.1 illustrates the Cronbach Alpha-value and CFA loadings. It presents the mean for the 5 items of support and guidance for entrepreneurial journey, consisting of five-point scale. As can be seen in the reliability item statistics (Cronbach Alpha = 0.720) all the 5 items seem to be reasonably well to the scale's reliability. Cronbach Alpha ranges from 0.666 to 0.689. The CFA loadings are indicated in the above table and suggest that all the items taken for scale construction qualify to develop the scale. This is since CFA loadings are greater than 0.50 for all the items.

## 4. FRAMEWORK OF ANALYSIS

The analysis of data in the research plays a pivotal role in the sense that it interprets, justifies and proves the hypothesis and the proposals. The judicious blend of analytical tools used has its own impact on the findings of the research, thereby making it highly objective and scientific. In this context, the tools for analysis have been rightly chosen as follows.

### 4.1 DESCRIPTIVE ANALYSIS

Descriptive analysis is an important tool used to assess the determinants of entrepreneurship and their impact on sustainability of MSME sector. As it is expressed in percentage, it facilitates comparison.

#### 4.1.1 Correlation Coefficient:

The most familiar measure of dependence between two quantities is the Pearson product-moment correlation coefficient, or "Pearson's Correlation." It is obtained by dividing the covariance of the two variables by the product of their standard deviations. Karl Pearson developed the coefficient from a similar but slightly different idea by Francis Galton.

The population correlation coefficient  $\rho_{X,Y}$  between two random variables  $X$  and  $Y$  with expected values  $\mu_X$  and  $\mu_Y$  and standard deviations  $\sigma_X$  and  $\sigma_Y$  is defined as:

$$\rho_{X,Y} = \text{corr}(X,Y) = \frac{\text{cov}(X,Y)}{\sigma_X \sigma_Y} = \frac{E[(X - \mu_X)(Y - \mu_Y)]}{\sigma_X \sigma_Y} \quad (1)$$

where  $E$  is the expected value operator,  $\text{cov}$  means covariance, and,  $\text{corr}$  a widely used alternative notation for Pearson's correlation.

The Correlation Co-efficient has been applied on nine dimensions of factors associated with entrepreneurship.

#### 4.1.2 T-Test:

The 't' test is used to find out the significant difference among the two group of samples regarding any intention variable which is internal scale. The 't' statistics is calculated by

$$t = \frac{\bar{X}_1 - \bar{X}_2}{\sqrt{\frac{(n_1 - 1)\sigma_1^2 + (n_2 - 1)\sigma_2^2}{n_1 + n_2 - 2}} \times \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}} \quad (2)$$

$$\text{Degree of freedom of } (n_1 + n_2 - 2) \quad (3)$$

where

$t$  - 't' statistics

$X_1$  - Mean of the first sample

$X_2$  - Mean of the second sample

$\sigma_1^2$  - Variance in the first sample

$\sigma_2^2$  - Variance in the second sample

$n_1$  - Number of samples in first group

$n_2$  - Number of samples in second group

In the study, the 't' test has been used to find out the significant difference between gender, marital status and organization was started with respect to feeling about the seed capital, feeling about capital, feeling about business location, feeling about labour, and various factors associated with entrepreneurship.

#### 4.1.3 Multiple Regression Analysis:

When there is a variable which is dependent on more than one independent variable, then no one analysis will reveal the relationship. For this purpose, the multiple regression analysis was administered. The cause and effect relationship between dependent and independent variables are carried out by the Multiple Regression Analysis.

The general form of the regression model is:

$$Y = a + b_1X_1 + b_2X_2 + \dots + b_nX_n + e \quad (4)$$

Where

$Y$  = Dependable Variable

$X_1, X_2, \dots, X_n$  = Independent Variables

$b_1, b_2, \dots, b_n$  = Regression Coefficient of Independent variables

$a$  = Constant; and

$e$  = Error Term

In this study, the multiple regression analysis has been used to find out the impact of various dimensions of applied knowledge on successful entrepreneurship.

## 4.2 CONFIRMATORY FACTOR ANALYSIS (CFA)

The Confirmatory Factor Analysis has been used to analyse the reliability and validity of the variables included in each factor. The convergent validity of the factor was assessed by three measures: Item Reliability, Construct (Composite) Reliability and Average Variance Extracted (AVE) [10]. Item Validity was evaluated by the size of the standardized factor loading of the variables on their corresponding factors. The loading should be at least 0.60 and ideally at 0.7 or above [11].

The Composite Reliability was assessed on the basis of internal consistency. It is similar to Cronbach's Alpha. The minimum acceptable level of composite reliability is 0.5. The

convergent validity was assessed with the help of the AVE which is at least 0.50.

### 5. LIMITATIONS OF THE STUDY

The present study is subjected with the following limitations:

- The present study includes the respondents who are in the Madurai districts of Tamilnadu.
- The answers given by the respondents towards determinants of entrepreneurship and their impact on sustainability of MSME sector may be affected by the personal value judgment.
- The aspects of feeling about the seed capital, feeling about capital, feeling about business location, feeling about labour, and various factors associated with entrepreneurship have been measured with the help of the variables drawn from previous studies.
- All the descriptive variables are measured by likert five points scale.

### 5.1 RANKING FOR SUPPORT AND GUIDANCE FOR ENTREPRENEURIAL JOURNEY FACTOR

In this study, Support and Guidance for entrepreneurial journey consist of five factors that measure Financial strength, Mentorship support, Partnership support, Family support and Team/ Employees’ support. The table below shows the ranking for the items comprising the factor which constitutes 5 items. Items were responded to on a 5 point Likert scale ranging from ‘Highly Agree’ to ‘Highly Disagree’. Ranking has been done based on the mean values.

Table.2. Ranking for Support and Guidance for entrepreneurial journey Factor

Support and Guidance for entrepreneurial journey	Mean	Std. Deviation	Skewness	Kurtosis
Financial strength	2.78	1.627	.372	-1.469
Mentorship support	2.77	1.479	.121	-1.440
Partnership support	2.70	1.540	.394	-1.336
Family support	2.39	1.393	.497	-1.234
Team/ Employees’ support	1.92	1.143	.785	-.941

The Table.2 shows that “Financial strength” is the top ranked Support and Guidance for entrepreneurial journey factor with a mean value of 2.78, “Mentorship support” is the second ranked Support and Guidance for entrepreneurial journey factor with a mean value of 2.77, “Partnership support” is the third ranked Support and Guidance for entrepreneurial journey factor with a mean value of 2.70, “Family support” is the fourth ranked Support and Guidance for entrepreneurial journey factor with a mean value of 2.39 and “Team/ Employees’ support” is the five ranked Support and Guidance for entrepreneurial journey factor with a mean value of 1.92.

### 5.2 SUPPORT AND GUIDANCE FOR ENTREPRENEURIAL JOURNEY

In this study, Support and Guidance for entrepreneurial journey consist of five factors that measure Mentorship support, Family support, Partnership support, Team/ Employees’ support and Financial strength. The table below shows the mean, Standard Deviation and ‘t’ values for Support and Guidance for entrepreneurial journey.

*H<sub>0</sub>*: Opinion regarding Support and Guidance for entrepreneurial journey are equal to average level.

Table.3. Opinion regarding Support and Guidance for entrepreneurial journey

Support and Guidance for entrepreneurial journey	Mean	Std. Deviation	t value	P value
Mentorship support	2.77	1.479	-2.742	0.006**
Family support	2.39	1.393	-7.608	0.000**
Partnership support	2.70	1.540	-3.384	0.001**
Team/ Employees’ support	1.92	1.143	16.318	0.000**
Financial strength	2.78	1.627	-2.386	0.018*

Note: \*\* denotes significant at 1% level.

Since *P* value is less than 0.01, the null hypothesis is rejected at 1% level with regard to Mentorship support, Family support, Partnership support and Team/ Employees ‘support. Hence the opinion regarding Mentorship support, Family support, Partnership support and Team/ Employees ‘support with personal interest and Undeviating focus on business are not equal to average level.

Based on mean score, the opinion regarding all these statements of Support and Guidance for entrepreneurial journey are not above average level.

### 6. FINDINGS OF THE STUDY

“Financial strength” is the top ranked Support and Guidance for entrepreneurial journey factor with a mean value of 2.78, “Mentorship support” is the second ranked Support and Guidance for entrepreneurial journey factor with a mean value of 2.77, “Partnership support” is the third ranked Support and Guidance for entrepreneurial journey factor with a mean value of 2.70, “Family support” is the fourth ranked Support and Guidance for entrepreneurial journey factor with a mean value of 2.39 and “Team/ Employees’ support” is the five ranked Support and Guidance for entrepreneurial journey factor with a mean value of 1.92.

The opinion regarding Mentorship support, Family support, Partnership support and Team/ Employees ‘support with personal interest and Undeviating focus on business are not equal to average level. Based on mean score, the opinion regarding all these statements of Support and Guidance for entrepreneurial journey are not above average level.

## 7. SUGGESTIONS

Considering the urgency of taking an early lead in attaining technological competitiveness of MSMEs, both in the domestic and industrial markets, it is important to stimulate and usher in a technological revolution among MSMSs.

For improving productivity, imparting of knowledge to the employees in MSMEs is also suggested. Further, the artisans are to be trained to develop their skills and also equip themselves to design according to the tastes and preferences of the consumers in different markets such as rural and urban, national and international.

The Central Government along with State Governments and industrial bodies has to take a lead to identify SSI clusters, promote cooperation between business and local authorities for cluster development, and formulate policies that attract investment to these clusters.

## REFERENCES

- [1] IFC World Bank Group, “MSME Finance in India - A Research Study on Needs, Gaps and Way Forward”, Available at <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/833391492755845785/micro-small-and-medium-enterprise-finance-in-india-a-research-study-on-needs-gaps-and-way-forward>, Accessed at 2012.
- [2] Allan A. Gibb, “Entrepreneurship and Small Business Management: can we Afford to Neglect the Min the Twenty-First Century Business School”, *British Journal of Management*, Vol. 7, No. 4, pp. 309-321, 1996.
- [3] A.S. Sisodiya, “SMEs in India - Future Perfect”, ICFAI books, 2008.
- [4] T.W. Lans and M. Muld, “Entrepreneurship Education and Training in the Small Business Context: Insights from the Competence-Based Approach”, *Journal of Enterprising Culture*, Vol. 16, No. 4, pp. 363-383, 2008.
- [5] B. Harish, “Quality Management Principles for SMEs”, ICFAI Books, 2008.
- [6] S.P. Agarwal, “Policies and Infrastructure Facilities for Technology Transfer to SMEs in Globalized Economy: Indian Perspective”, ICFAI books, 2008.
- [7] R. Vettriselvan, “Human Resource Management Issues in Micro, Small and Medium Enterprises in Tamil Nadu”, *International Research Journal of Business and Management*, Vol. 14, No. 3, pp. 1-18, 2014.
- [8] L.J. Cronbach, “Course Improvement through Evaluation”, *Teachers College Record*, Vol. 64, No. 8, pp. 1-13, 1963.
- [9] W.G. Zikmund, B.J. Babin and M. Griffin, “Business Research Methods”, 8<sup>th</sup> Edition, South-Western College Publishing, 2010.
- [10] C. Fornell and D.F. Larcker, “Evaluating Structural Equation Models with Unobservable Variables and Measurement Error”, *Journal of Marketing Research*, Vol. 18, No. 1, pp. 39-50, 1981.
- [11] H.L. Tuan, C.C. Chin and S.H. Shieh, “The Development of a Questionnaire to Measure Students' Motivation towards Science Learning”, *International Journal of Science Education*, Vol. 27, No. 6, pp. 639-654, 2005.