

ENTREPRENEURIAL SUCCESS

KEY INDICATOR ANALYSIS IN INDIAN CONTEXT

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ABSTRACT

There are various factors responsible for the entrepreneurial success at the grass root level. Many of the authors and researchers are of the view that the success of an enterprise largely depends on the orientation of an entrepreneur in the family towards business. This orientation leads to a higher level of commitment and greater degree of probability of success. There are various demographical factors that affect the success rate of entrepreneurs at the grass root level. Industry experience and work experience also leads towards the development of a successful entrepreneur. Many of the SMEs and start ups found successful today are largely being promoted by entrepreneurs with solid work experience. The risk perception towards entrepreneurship in Indian context is very high.

This paper highlights some of these issues and tries to test the variability in the perception of key indicators about entrepreneurial success. The author has conducted an elaborate study on the issue of entrepreneurship among small scale industry entrepreneurs in the eastern part of India. The findings will help in planning various strategies for removing the road blocks to entrepreneurial success.

Key Words: *Entrepreneur, Demographical Variables, Start Ups, Entrepreneurial Risk*

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Small-scale sector constitutes a major part of Indian economy. It plays a great role in the Indian economy in terms of creating additional employment with low capital investment and maintaining self-sustainability in various sectors of the economy. The typical characteristics of small-scale industry other than the level of investment and

employment are the personal face of the organisation and style of management. These kinds of organisations run in to maximum fifty to hundred in employment size and management is basically proprietary in nature. According to Ruddratt and K.P.M. Sundaram¹ the small-scale sector is classified in to two categories i.e. traditional and modern small-scale industries. The traditional industries include *khadi* and handloom village industries, handicrafts, sericulture, coir, etc. Modern small-scale industries provide wide range of goods from comparatively simple items of sophisticated products such as television sets, electronic control systems, various engineering products, particularly as ancillaries to the large industries. The traditional sector is highly labour intensive and uses less of machine power.

The industrial policy resolution² states that the small scale industry provides immediate large scale employment; they offer a method of ensuring a more equitable distribution of the national income and they facilitate an effective mobilisation of resources of capital and skill which might otherwise would have remained unutilized. Some of the problems that unplanned urbanisation tends to create will be avoided by the establishment of small centers of industrial production all over the country. The Karvey committee³ suggests that the principle of self-employment is at least as important to a successful democracy as that of self-government.

The small enterprises create more employment per unit of capital employed due to low cost overheads, but in an efficient entrepreneurial environment it is not important to create another additional employment source but also to have an economic reason behind it i.e. make a profitable operation in a productive process. It is observed from the data provided by the annual survey of small-scale industries (1994-95)⁴ the productive capital

per employee in large units is five to six times higher than in small units but the value added per unit of capital is higher in small units.

Irrespective of performance level and objectivity of creation, small-scale industries in India are the budding ground for entrepreneurs. It is important to look in to the entrepreneurial issues in the light of efficiency building and value addition of this particular sector to the whole economy, particularly after the opening up of the quantity restrictions and deregulation of certain sectors, which were earlier marked exclusively for the SSI sector. If the result of the second All- India Census of Registered Small-Scale Industry units by Small Industries Development Organisation (SIDO) is any indicator, the small-scale sector needs an emergency attention to save it from mass closure. The rate at which the SSI units are closing down and others becoming non functional, we are likely to have a large unemployed workforce emerging out of the small scale sector and remaining job less to add more burden to our already rising level of unemployment in the country.

There is no denial to the fact that the pace and progress of an economic system largely depends on the emergence of dynamic and innovative entrepreneurs. Instead of being dependent on the government subsidies and protections they have to play the role of change agents. Their ability to innovate and take risk decides the fate and direction of a country's economy. The successful entrepreneurs of USA, Japan, Korea and other Asian tigers have proved this point. The conception and effective implementation of any individual project, irrespective of its size, largely depends on the availability and capability of innovative entrepreneurs.

The importance of innovation in the development of new products, services, and processes for the economy is widely recognized. Schumpeter ⁵ (1934) linked innovation

and the innovation process to the entrepreneur. According to Schumpeter, when the economy is in a stationary state, profit motivated entrepreneurs will innovate to raise marginal productivity and increase profits. Entrepreneurship has resulted in millions of new businesses being formed throughout the world. Millions of company formations occur despite recession, inflation, rapid technological obsolescence, lack of infrastructure, high interest rates, economics uncertainty and the anxiety and fear for failure. These business formations are very personal human processes that although unique have some common characteristics.

There are various factors like change from present life style, childhood family environment, education, personal values, age, work history, role models and support systems, moral support network and professional support network which goes in building successful entrepreneurs. Cooper ⁶ proposed that three factors influence entrepreneurship –antecedent influences (back ground factors such as family influences and genetic factors that affect motivation, skills and knowledge), the incubator organisation (the nature of the organisation where the entrepreneur was employed prior to starting the business, the skills learned there) and environmental factors (economic conditions, access to venture capital, support services and role models)

Since independence, most of the state governments and development financial Institutions like financial corporations, agricultural and development Banks small Industry Development Corporations and non government organisations have tried to build up a new breed of entrepreneurs for shouldering the responsibility of bringing out rapid changes at tiny and small scale sector. Various financial and fiscal incentives are given to the new industries to motivate and attract potential entrepreneurs for starting new enterprises and also to expand and diversify the existing business basic.

During the last few years, the government and financial institutions have pumped huge amount of money for training to undertake entrepreneurial activities and giving various concessions, incentives, export facilities and other kind of subsidies. But a close scrutiny on the emergence of the new breed of entrepreneurs and their performance suggest that, despite liberal financing and provision for marketing, very few entrepreneurs are successful at gross root level. The quantitative increase in number of entrepreneurs is in no way an indicator of qualitative increase in the value of small-scale entrepreneurship in India. A large number of SSI units set up over years has either become sick or not functioning on healthy ground.

From the report of the Second All India Census of Small Scale Industries, it is observed that 35percent of entrepreneurs reason financial problem as the cause of closing their business followed by 14.4percent for marketing problems. Raw material availability was stated as another important reason for sickness of small scale Industries.

Insert -Table 1

From Table-1, it is evident that around 50percent of the small-scale industries were closed either due to financial problems or due to marketing problems. So those who have been able to address these two key functional issues through their entrepreneurial skill have survived and grown in business.

The dynamic world offers a challenging environment to every businessman. Those who can successfully face this challenge and find an opportunity through the problem survive and excel in business. The incompetent, the inexperienced and the risk averters perish over a period of time. It is not only the entrepreneurial skill but also some other factors like family background, personal characteristics, entrepreneurial support, and social recognition, risk-taking ability that goes in building a successful entrepreneur.

Is it possible to identify certain behavioral and demographic characteristics of the successful and unsuccessful entrepreneurs at the small-scale level so that we can codify the key elements for entrepreneurial success? What factors do they foresee as the entrepreneurial blocks which needs strategic intervention for generating successful entrepreneurs? This paper attempt to address the entire key issues while evaluating entrepreneurial success.

A number of attempts have been made earlier to identify the characteristics associated with entrepreneurial success. From the review of the earlier researches conducted by Mclelland (1969), Abond & Hornaday (1971) Subramanian Gokara (1973), Singh and Kiran (1971) Nandi (1973), Akhauri (1979), Chowdhary (1981) it is observed that entrepreneurial characteristics are not universal. There is no specific law or a set of characteristics independent across situations to guide the entrepreneur to success. Psychological characteristics like ability to take risk desire to be successful , stand against common apprehensions & leadership skills are strongly associated with entrepreneurial success. Socio- Economic features like caste, parental background, technical and professional education, financial backup, location advantage and easy access to market are also found to have strong correlation with entrepreneurial success. ⁷There are numerous theoretical and empirical studies that consider attributes such as risk taking, innovations, need for achievement and managerial competence as important enabling qualities for entrepreneurship. A closer look in to such studies reveals that the issue of age and family background has received scant attention, especially as explanatory variables of the phenomenon of entrepreneurship.

Objectives of the Study

A Majority of the earlier studies have dealt with entrepreneurial success at the medium and small-scale sector. Looking at the low level of investment requirement, use of simple technology, coverage of limited market and low gestation period, the small-scale industries at the grass root level have proved to be the breeding ground for first generation entrepreneurs. The present study attempts to identify the extent to which success in grass root level entrepreneurship is associated with the demographic and Socio- economic factors like parental background, level of education, age and stage in family's life cycle and financial background. The paper also attempts to find out the key indicators of entrepreneurial success as perceived by the entrepreneurs selected in the study. A brief analysis of entrepreneurial threats and problems identified by the sample respondents will also help the policy makers to plan intervention strategies to create more effective & efficient entrepreneurial climate in the country.

Methodology

The study is based on a sample size of 212 small sized industrial units with an investment of minimum of Rs 10 lakhs. The units were selected at random. Although the plan was to undertake the study on a sample of 250, the researcher could only gather data on 212 industrial units. The units were located in *Orissa, Andhra Pradesh, Bihar* and *West Bengal* .A purposive sampling was done to select the respondents through the respective states financial corporations. The Organisations selected for the study were either proprietorship or partnership firms. Ten different kind of industries were selected for the study viz., Textiles, Electronics, Fabrication, Ceramics, Servicing, Jute, Apparels, Packaging Material, Printing, Chemical & Perfumes. There was no similarity in size, volume of business and life period of the enterprises selected for the study. However, all

the enterprises selected for the study had a minimum life of ten years and were running units' i.e. in to commercial productions.

Selecting two representative enterprises from each industry to define the scope of the term "success", the researcher collected preliminary data on twenty organisations. Although profitability and operational efficiency data could have been used at this stage to define success or otherwise of the units, but the reliability and validity of such information from twenty enterprises was in question. So in the absence of such reliable data from the enterprises, success of the enterprise was defined in terms of growth in units of production and sales. To a larger extent profit is dependant on the plant capacity (size of production) and its sales value .It was thought important to take these two key indicators as input data for defining the term success, at the preliminary stage of the investigation.

The enterprises were then grouped in to three categories i.e. high, medium and low level of success. At the latter stage of the research it was thought proper to collect other financial statistics of all the selected organizations. Three key indicators selected for defining success were growth in sales turnover (CAGR), growth in profit after tax (PAT) and return on networth over a period of five years. Industry average of a particular small-scale sector (e.g. Small-Scale Electronics Industry average sales and production growth rate) was taken as benchmark for defining a successful enterprise. Any enterprise having a similar or higher growth rate in sales & production compared to the industry average is taken as highly successful and growing at 50percent of the industry growth rate is taken as moderately successful. Similarly less than 50percent growth rate is taken as a low success. Similar scale measures on other two key indicators were used for defining success of an enterprise.

Data about sales & production turnover profit after tax and return on networth were collected through a structured questionnaire. Further analysis and data verification was conducted by Chi- square test in order to establish the level of dependency of success level with various predetermined socio- economic characteristics. Descriptive statistics were calculated for all the variables comprising entrepreneurial risk responses. Principal component factor analysis of the sixteen entrepreneurial risk variables (obtained through the survey of earlier research work done in India) was conducted to examine the relationship among interrelated variables. This procedure resulted in two factors. Only factors with eigen values greater than one were included in the final analysis. The extracted factors were rotated using the varimax orthogonal rotation method. A variable was considered to load on a given factor if the factor loading was 0.40 or greater for that factor and less than 0.40 for the other. The reliability of the factors was determined using Cronbach's Coefficient Alpha.

In an attempt to delineate similarities or differences based on region of the entrepreneur, initial analysis was conducted to determine differences in state wise perception of interpersonal risk based on the *a priori* geographic regions of *Orissa, Andhra Pradesh, West Bengal, Bihar* and multiple states. Those who indicated having enterprises in more than one state were treated as multiple state category. This was felt necessary because of the possibility of *within state variability* in responses to the perceived risk of entrepreneurship for a state due to its locational advantages and disadvantages.

The factor scores were then used to perform a one- way analysis of variance (ANOVA) to investigate the relationships between the underlying entrepreneurial risk factors and respondents particular region of location of the enterprise. Factor scores were

the dependant variables and states of location of the enterprise constituted the independent variable. Where the state wise effect was significant the *post hoc* LSD (least significant difference) t-test was also conducted to further determine differences among state wise grouping of enterprises. All analysis for responses to questions were conducted using the statistical package for the social sciences (SPSS) PC Version 10. The question of perceived barrier to entrepreneurial success was analysed using an open-ended format on the survey instrument in which respondents were asked to list as many kinds of barriers and threats as they felt were of concern to them in doing business. All analysis for the open ended questions were done through content analysis by grouping similar responses into categories and assigning names to items that seem to be related or similar to others.

Results and Discussions:

Age and success level: Data related to age and success level of the entrepreneurs is represented in Table-2. It is observed from the table that the percentage of high success is maximum at the age group level of (40-50) years and lowest at 'below thirty years'.

Insert Table-2

By combining medium and high success levels we can see that the highest percentage of success is found with the group of entrepreneurs above fifty years (86%). The group following this is between thirty to forty years. So it is evident that older entrepreneurs are placed at a relatively higher level of success. From the qualitative data analysis, the most common reason put forward by respondents is that their contemporary entrepreneurs have moved out of business due to failures. So, those unsuccessful have quit the ventures and successful ones survive for a longer period of time. From the chi-square test, however, it is found that age and success level is independent of each other.

The calculated value of Chi- Square with six degree of freedom (10.747) is found to be less than the table value at 95% confidence level (12.6)

Education and Success Level: Professional and technical education are key indicators for entrepreneurial success. They provide the base for development of entrepreneurship. The professional and technical education helps the entrepreneurs in identifying right kind of business, market and technology. It also helps in taking product decisions related to costs, raw material procurement and selection of appropriate technology and manpower. A common presumption in this proposition is a strong and positive association between education and success level.

Insert Table-3

Table – 3 however, does not reflect the above assumption. It is observed that success is evenly spread over different types of education with the exception of technical education where the level of success is more skewed towards higher side. From the qualitative analysis we also observe that many of the successful entrepreneurs have inherited their business skills from family and learning by working in other's enterprises. So college and university education does not play a very significant role in delivering successful entrepreneurial quality.

The calculated value of chi-squares (8.961) is found to be less than the theoretical value (12.6) at five percent level with six degrees of freedom. So it indicates that educational qualification and success level are independent and there is no significant level of association between them. So the level of education does not determine the level of success of the unit.

Parental Occupation and Success level: The entrepreneurs selected for the study are from diverse family background. Their parental occupation varies from salaried class to

trading, business, farming, service and manufacturing industry including cottage and artisan based industries.

Insert Table-4

Table- 4 explains the association of their success level with their parental occupation. Highly successful entrepreneurs are found in all four categories. 56% of entrepreneurs with parental occupation in manufacturing are found to be in high success level group, which is highest among all categories, followed by trading (39%). It can be observed that entrepreneurs with a parental background in manufacturing and trading are relatively more successful in comparison to services & farming backgrounds. The experience of parents in business in the form of production and sales knowledge must have passed on to the next generation in business which is not possible in the case of first generation entrepreneurs coming from farming or service class. Thus, observed association between parental occupation and success level is not found to be statistically significant. The calculated value of Chi-square (6.497) at six degree of freedom is less than the theoretical distribution (12.6) at five percent level signifying that there is no association between parental occupation and success level.

Previous Occupational Background and Success Level: From the qualitative data it is found that previous occupational background plays a significant role in the business success. Many of the entrepreneurs have voiced this opinion during the study. The previous occupational background greatly influences the entrepreneurial venture by which the entrepreneur is able to bring all his knowledge and experience in to the new business.

Insert Table-5

As evident from Table-5, Twenty sample members were unemployed and 192 of them were engaged in service, trading business and farming. Thirty five percent of respondents with previous trading and business experience are found to be within the high success level. Entrepreneurs (60%) having no experience are largely found in low success level. From the Chi square test, the computed value of Chi- square (17.393) is higher than the table value (15.5) at five percent level with eight degrees of freedom. So there exists an association between previous occupational background and success level.

Investment and Success Level: Although the grass root level small scale industries need less fixed investment at the initial stage but availability of required fund for the enterprise is considered to be a positive factor for the entrepreneur. The traditional idea relies heavily on a proposition that creation and development of entrepreneurial talent largely depends on the adequacy of funds with the entrepreneur. Though in many cases the initial investment capacity of the entrepreneur is not considered as a success factor in small scale sector, but many financial institutions make it mandatory for the entrepreneurs to have a percentage of the initial cost of the project as the margin money. This is done to ensure that the entrepreneur has a stake in the enterprises. It also helps to reduce the debt service burden in the initial phase of the project.

Insert Table – 6

From Table-6 it is noticed that high success is more closely associated with entrepreneurs (57.1%) contributing between forty to fifty percent of their initial fixed capital and those (40%) contributing above fifty percent. No such trend is evident in low & medium success levels. So high success level is found to be independent of the level of contribution to initial fixed capital.

Working Capital Provision and Success Level: Working capital is the circulatory system in every business enterprise. It pumps cash and other financial needs to the operational cycle of the enterprises for achieving organisational success. The adequacy of working capital helps the unit to optimise the capacity utilization and helps in smooth flow of output to the market. The growth of the enterprise is facilitated by a strong working capital flow. Commercial and industrial banks provide the necessary working capital to the firms subject to deposit of margin money. The amount of margin money varies across type and stages in different industries.

Insert Table -7

The entrepreneur has to submit various details to the bank for obtaining working capital. So the capability of the entrepreneur determines the availability of the working capital. On the basis of their capability to obtain working capital, the enterprises are grouped in to three groups' viz. capable to generate less than sixty percent, sixty to ninety percent and more than ninety percent.

An observation of the table-7 reveals that high success level is found more in cases where entrepreneurs arrange more than ninety percent of their working capital requirements. The computed value of Chi- square (9.602) is higher than that table value (9.50) at five percent level with four degrees of freedom which proves that the entrepreneurial success is dependent on the capability of the entrepreneurs to arrange working capital.

Perception of Entrepreneurial Risk: Although development and growth of small scale industry was perceived by national planners as an effective intervention strategy to bring industrial development and to create more employment opportunities in a developing country like India, the current state of this sector does not project a healthy picture. After

the shifting of quantity restrictions and beginning of WTO regime, the small-scale sector is going to face more serious problems. Larger industries and multinationals are now permitted to operate in many of the areas earlier earmarked for the small-scale sector. These are some of the macro- economic threats envisaged by policy makers and thinkers.

In this project the researcher has attempted to identify the perceived entrepreneurial risks of the entrepreneurs. Sixteen factors were identified from the earlier research studies as the key risk and threat perceptions of the grass root level entrepreneurs. A five point Likert scale was used to collect data on the effect of these threats on the success level of the enterprise. As described in the methodology part, results of the **factor analysis** revealed two factors, which are subsequently named as **functional risk** and **business risk**. The factor loadings were found to be high and the two factors accounted for 70.8 per cent of variance with very high **Cronbach**'s reliability coefficients of 0.9430 and 0.9265 respectively.

Insert Table-8

As stated earlier, the relationship between respondent's perception of entrepreneurial risk and the region of establishment of the enterprise was examined by means of one way analysis of variance (**ANOVA**) and **t- test**.

Insert Table-9

Table –9 reveal differences in mean perceived entrepreneurial risk by state wise grouping. Although respondents overall agree that perceived entrepreneurial risk comprising of functional risks has a significant effect on their enterprise's profits as indicated by high average scores, the differences in the mean perceived entrepreneurial risk among states are not statistically significant. On the other hand the differences in the mean business risk among the states are statistically significant. However, the *post hoc*

comparisons reveal that the significance is due to the difference between the operation in multiple state categories. No statistically significant differences are found between other regions.

Insert Table-10

From the functional risk analysis (which are basically internal risk elements and more or less under entrepreneurial control), there does not appear to be a high variation regarding respondents perception of risk, although entrepreneurs foresee a higher levels of risk in *Bihar* compared to other states. From these results, one can speculate that respondents being highly aware of entrepreneurial risk factors, perceive states like *Andhra Pradesh* and *Orissa* to be attractive and devoid of much of uncontrollable managerial and functional risk and conceive these states as conducive for development of small scale industry.

The relationship between business risk and the location of the enterprise in a state is found to be statistically significant. The highest average score is for *Andhra Pradesh* and lowest for enterprises with operations in multiple states. This finding indicates that although the perception of functional risk can generally be high, the perception of business risk is more important as it explains the industrial climate, the beaurocracy available, the prevailing technology in similar industries of the area and customer perception of quality of small- scale industry products.

Since significant differences are found for business risk factor, *post hoc* pair wise comparison t- test is conducted to explore state wise differences. The results suggest that there are no statistically significant differences between states. However respondents owning business enterprises in multiple states perceive business risk factor having a lower negative influence than those who have the enterprise established in one state. This

difference is due to the fact that entrepreneurs having business enterprises established in multiple states can direct their business operations and markets more effectively due to economy of scale and multi point transactions in catering to larger markets.

Other Perceived Entrepreneurial Risks and Threats: The respondents were asked to list any other kind of risk and threat perceptions they have towards their business success. Table-11 reveals the results of the qualitative analysis of the responses obtained for the questions like: What kind of barriers and threats do you feel are of concern to entrepreneurship development in your area (other than listed earlier)

Insert Table-11

A partnership problem is perceived as the most important barrier against entrepreneurial success. Lack of marketing support by government and other developing institutions and poor level of distribution network are also key hindrances to entrepreneurial success. Since many of the small-scale industry entrepreneurs are supplying their products to government and government funded/managed institutions, corruption, delay in payment, political interference are also viewed as blocks against the success of an entrepreneur. Many a times, the competing entrepreneurs involve themselves in pricing war by under cutting the prices of the output for capturing a large account/ business. Small-scale sector suffers from the problem of high production cost due to diseconomy of scale in operation So frequent under cutting of prices with higher level of production and marketing costs squeeze the profit margin for many small scale industries leading to fatal sickness and closure. Inconsistent government policy related to pricing subsidies on raw material, interest rates on loans also work as barrier against successful entrepreneurship.

CONCLUSION

It is well accepted that small-scale industry constitutes an integral and vital component of a developing economy. It contributes to attainment of economic goal (= Profit generation through entrepreneurship) and social goal (= Creation of mass employment). The idea of promoting small scale sector in India is not to develop a set of parasitic entrepreneurs, sick industries and substandard products but to bring the concept of efficiency and innovation to the grass root level which will help the small scale sector to become more self sustainable. After the lifting of quantitative restrictions, WTO agreements and deregulation of specific sectors earlier reserved for small-scale sector, the level of competition is bound to go up. In this situation entrepreneurial success becomes an important facet for an industrially developing nation.

The present study tries to identify the key variables of entrepreneurial success. The various socio- economic parameters selected for the study explain the level and degree of association with the entrepreneurial success. Furthermore the current study on respondent's perception on entrepreneurial risk highlights key risk factors that need to be addressed while planning for this sector.

The present study is based over industrial units with a minimum investment of ten lakh rupees. The analysis of different tables explaining the relationship between variables like age, occupational background, parental occupation, education, entrepreneur's share in the initial fixed capital and capability to generate working capital with different success levels reveal that there is association between success levels with factors like technical education of the entrepreneur, occupational background of parents, previous background of the entrepreneur and capability to arrange working capital. The study on entrepreneur's perception of risk viz. functional risk and business risk, also

highlight the hindrances in the process of developing successful entrepreneurial Climate in the country.

Entrepreneurship is a dynamic concept and no specific personality attribute can generate success. However, the technical knowledge and skill, parental support, previous job experience may help an entrepreneur to compete successfully in the market. An awareness of various entrepreneurial risks helps an entrepreneur to build up strategies to control/ counter them and become successful. The location advantage is also a factor of success. It decides the direction of development of grass root entrepreneurship.

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Table-1**Reasons for Closure of Small Sector Units**

Reason	Percentage
1. Financial Problems	34.7
2. Marketing Problems	14.4
3. Raw material Availability Problems	5.6
4. Ownership Conflict	3.7
5. Natural Disaster	3.4
6. Labour Unrest	2.2
7. Combined Problems	16.5
8. Other Reasons	19.5
Total	100

Sources: Second All- India Census of Small Scale Industrial Units.

Table – 2**Number of Respondents in Different Age Groups in terms of their Level of Success.**

Age Success level	Below 30 years	(30-40) year	(40-50) Year.	Above 50 years	Total
Low Success	24 (60)	16 (19)	16 (27)	4 (14.5)	60 (28.3)
Moderate Success	12 (30)	40 (48)	12 (20)	16 (57)	80 (37.7)
High Success	4 (10)	28 (33)	32 (53)	8 (28.5)	72 (34)
Total	40 (100)	84 (100)	60 (100)	28 (100)	21.2 (100)

Figures in parentheses represent percentages.

The calculated value of Chi- squares = 10.747, Table value of Chi square at 5% level = 12.6

Table –3**Number of Respondents with Different Levels of Education in terms of their Success Levels.**

Success levels	Below Graduate	Graduate	Post Graduate	Technical	Total
Low Success	4 (25)	28 (31.8)	12 (33.3)	16 (22.2)	60 (28.3)
Moderate Success	4 (25)	48 (54.8)	12 (33.3)	16 (22.2)	80 (37.7)

High Success	8 (50)	12 (13.4)	12 (33.3)	40 (55.6)	72 (34)
Total	16 (100)	88 (100)	36 (100)	72 (100)	212 (100)

Figures in parentheses represent percentages.

The calculated value of Chi square = 8.96 Table value of chi square at six DF (5% level) = 12.6

Table- 4

Parental Occupation of Respondents and Their Success Level.

Success Levels	Farming/ agriculture	Trading Business	Service	Manufacturin g	Total
Low Success	15 (28.4)	8 (15.4)	30 (46)	4 (11.1)	60(28.3)
Moderate Success	25 (43)	23 (46)	22(30.5)	13 (33.4)	80(37.7)
High Success	16 (28.6)	21 (38.6)	16(23.5)	19 (55.5)	72(34)
Total	56 (100)	52 (100)	68 (100)	36 (100)	212(100)

Figures in parentheses represent percentage

The calculated value of Chi square = 6.497 Table value of chi square at six DF (5% level) = 12.6

Table – 5

Occupational Background of Respondents in terms of Their Success Levels.

Success Level	Farming/ Agriculture	Trading Business	Service	Industry Related	No Experience	Total
Low Success	8 (29.6)	20 (21.7)	12 (50)	9 (17)	11 (59)	60 (28.3)
Moderate Success	11 (40.7)	40 (43.5)	4 (16.7)	16 (33)	8 (41)	79 (37.7)
High Success	8 (29.6)	33 (34.8)	8 (33.3)	24 (90)	--	73 (34)
Total	27 (100)	93 (100)	24 (100)	49 (100)	19 (100)	212 (100)

Figures in parentheses represent percentages

The calculated value of Chi square = 17.393 Table value of chi square at eight DF (5% level) = 15.507

Table –6**Amount of Initial Fixed Capital Investment by Respondents and Success Level.**

Success level	Less than 30%	(30-40%)	(40- 50%)	Above (50%)	Total
Low Success	12 (25)	40 (34.48)	4 (14.28)	4 (20)	60 (27)
Medicate Success	24 (50)	39 (33.62)	7 (25)	8 (40)	78 (38)
High Success	12 (25)	37 (31.90)	17 (60.72)	8 (40)	74 (35)
Total	48 (100)	116 (100)	28 (100)	20 (100)	212 (100)

Figure in parentheses represents percentage

The calculated value of Chi square = 7.886 Table value of chi square at six DF (5% level) = 12.6

Table –7**Respondents Ability to Arrange Working Capital in terms of Their Success Level.**

Success Level	Less than 60 %	60 to 90%	Above 90%	Total
Low Success	20 (50)	30 (26.7)	7 (11.66)	57 (26.89)
Medicate Success	9 (22.5)	58 (51.7)	17 (28.34)	84 (39.62)
High Success	11 (27.5)	24 (21.6)	36 (60)	71 (33.49)
Total	40 (100)	112 (100)	60 (100)	212 (100)

Figures in parentheses represent percentages

The calculated value of Chi square = 9.602 Table value of chi square at six DF (5% level) = 9.488

Table 8**Factor Analysis of Respondent's Perception of Entrepreneurial Risk in Small Scale Sector**

Factors	Factor Loading	Eigen Value	% Variance	Reliability Coefficient
Functional Risk		7.96	49.8	0.9430
a. Poor financial condition	0.93			
b. High cost of operation	0.91			
c. Low skilled worker	0.90			
d. Poor packaging	0.85			
e. High distribution cost	0.83			
f. Market selectivity	0.74			
g. Unavailability of working capital	0.70			
h. Partnership problems	0.65			
i. Market Concentration	0.56			
Business Risk		3.4	21	0.9265
a. Entry of large players	0.86			
b. Technological obsolescence	0.85			
c. Non cooperation of financial institution	0.84			
d. Poor quality perception of customer	0.84			
e. Government's frequent policy change	0.76			
f. Availability of low cost substitute	0.70			
g. Export opportunity				
Total Variance Explained			70.8	

F.N. Respondents utilised a five point Likert scale to indicate their degree of agreement or disagreement with respect to items as follow: 1. Very significant effect 2. Somewhat significant effect 3. Neutral effect 4. Somewhat insignificant effect 5. Very insignificant effect.

Table 9

ANOVA results indicating respondents state wise perception of entrepreneurial risk

Risk Factor	State					F- value	Sig
	Orissa (6.8)	Bihar (29.1)	West Bengal (19.4)	Andhra Pradesh (4.9)	Multiple States (39.8)		
Functional Risk	4.2	4.1	4	4.5	4.1	0.421	.793
Business risk	3.5	3.6	3.7	4	3	4.43	.002

Significant at .05 levels

Figures in parentheses represent percentage

Table –10

Results of ANOVA *post hoc* Scheffe Test of Business Risk Factors in Selected States

State	Comparison State	Mean difference	Sig.
Orissa	West Bengal	-0.056	0.882
	Bihar	-0.3347	0.252
	Andhra Pradesh	-0.4537	0.526
	Multiple States	-0.4970	0.179
West Bengal	Bihar	-0.3976	0.128
	Andhra Pradesh	-.02786	0.522
	Multiple State	-0.5531	0.012*
Bihar	Andhra Pradesh	0.1190	0.291
	Multiple State	0.9508	0.000*
Andhra Pradesh	Multiple state	0.8317	0.053

**Significant at the 0.05 levels.*

Table 11
Other Perceived Entrepreneurial Risk and Threats

Reason	*No.	** %
Partnership Problem	164	77.3
Lack of marketing support	153	72
Corruption in Government	110	52
Infrequent power supply	109	51.4
High Tariff for power	109	51.4
Crime & Political interference	106	50
Poor godown facility	106	50
Deal oriented intermediaries	105	49.5
Lack of business ethic	103	48.5
Frequent price cuts by competitors	100	47.16
Spurious substitutes	98	46.2
Inconsistent govt. policy	97	45.75
Lack of long term vision in business	97	45.75
No export facility	95	44.8
Perceived distance from the market	94	44.3
Infrastructure problem	93	43.8
Sales tax related hassles	93	43.8
Labour unrest and unionism	90	42.4
Longer credit periods	87	41
High cost of transportation	85	40
Poor public relation	73	34

**Some respondents gave multiple answers,*

*** Percentages do not equal to 100 due to multiple response in different categories.*