Entrepreneurs' Qualification and the Development of SSI: An Empirical Evidence

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Abstract

Aim: The research has been done with the objective to find out that is there any connection between the owners'/ entrepreneurs' qualification and the development of Small Scale Industry. Methodology: The data has been collected from 108 small scale industries of Indore city of different types. Data has been collected through self administered 7 point likert scale questionnaire. The data has been analyzed through Chi-square and regression.Conclusion: It has been revealed that owners' qualification has positive association with the growth of the industry.

Introduction

More than two centuries have been passed to the globalization but still we are not able the cross the 1% of Global export. It shows that we have to examine and evaluate the production of our industries. Still our imports are more than our exports, though we are one of the largest and fastest growing economy of the world, we are having huge amount of man power even the country like Japan which is much smaller than our country no only in the size of the land but also in terms of man power produces more product and largest export of the Globe. Small Scale Industries are the back bone of any country. It not only helps the economy of the country by generating employment but also helps in exports by producing cheaper quality products. Small Scale Industries are the main drivers of the growth of Chinese economy and its presence in the international market. Majority of the exports were generated by the small scale industries of the country. The small enterprise were largely owned by the non professionals are the people those who are less qualified. Does it makes any difference while it has been operated and maintained by some professional or is there any relationship between qualification and the growth of small scale industries? This is the thing which comes in the mind while we are talking about small scale industries because the Government of the country as well as states were announced many schemes for the development of this sector not only so but also for the people those who are educated and want to start their own ventures.

Review of literature

The education that makes the difference in the attitude and approach of the person but does it make any difference when the subject is of enterprise. Blackburn.A.R et al(2013) said that having a business plan was also important. H Colette(2005) the findings suggests that not all but some aspects of entrepreneurship can be taught successfully. Matlay H et. al. (2008) Results indicate that graduate needs for entrepreneurship educations do not match actual outcomes in terms of entrepreneurial skills, knowledge and attitudes. Kiesner. W.F (1984) found that most businesses fail due to the lack of business education. Khurrum M. et.al (2008) the findings suggests that education has a significant relationships with the health of SMEs. Pickernell D et. al. (2011) findings suggest that firms owned by graduate entrepreneurs were more export oriented than non graduate owned ones. In terms of external resources, graduate-owned businesses were more likely to have received beneficial business advice from informal networks/trade associations, government business services, friends and family, customers and suppliers, and to have public procurement customers at the national/international level. Altinay.L. et al(2008) has come up with the conclusion that education appears to be important factor for the growth of the business. Simpson M.(2004) impact of training, development, education and prior knowledge and experience on success were tried to find out but only one factor showed the clear evidence that education and training is having positive effect on the success of business. Basu. A. et al (1999) has said that one of the factor on which entrepreneurial growth depends upon is education. Further she said that constant improvement in technology and employee training also influence growth. T .Mazzarol et. al. (1999) has concluded that demographic variables like age, gender, education and work experience are have substantial effect on venture success. Al-Zubeidi. M. (2005) entrepreneurs and small business owners were having more chance of success those having college degree.

Methodology

For the purpose of the study the data has been collected from 108 small scale industries of Indore through the

structured self administered questionnaire. The questions were on 7 point Likert Scale(1= Strongly to 7= Strongly Disagree). Data analysis has been done by applying Regression and Chi square with the help of SPSS.20.

Results and Discussions
Following hypothesis has been formulated

Hypothesis No	Hypothesis	Results
H_{01}	Owners Qualification is independent of owners satisfaction with the companies growth.	Rejected
H_{02}	Small Scale Industries Technological Up gradation is independent of Owners Qualification.	Rejected
H_{03}	Small Scale Industries Profitability is independent of Owners Qualification.	Rejected
H_{04}	Small Scale Industries Business Expansion is independent of Owners Qualification.	Rejected
H_{05}	Small Scale Industries Human Resource Practices is independent of Owners Qualification.	Rejected
H_{06}	The Qualification is negatively related with the owners perception that the companies growth matches with its nearest competitor growth.	Accepted
H_{07}	The qualification is negatively related with the owners perception that in next 5 years his company will meet the market leader growth.	Rejected
H_{08}	The qualification is negatively related to the owners satisfaction with the growth of company.	Rejected

Hypothesis H_{01} owners Qualification is independent of owners satisfaction with the companies growth is rejected.(p=0.000<.050). Growth of the company is dependent on the owners qualification.

Hypothesis H_{02} small Scale Industries Technological Up gradation is independent of Owners Qualification is rejected. (p=0.000<.050). Technology up gradation of the industry is dependent on the owners qualification.

Hypothesis H_{03} Small Scale Industries Profitability is independent of Owners Qualification is rejected (p=0.000<.050). Profitability of the small scale industry is dependent on the owners qualification.

Hypothesis H_{04} small Scale Industries Business Expansion is independent of Owners Qualification is rejected(p=0.000<.050). Business Expansion of the small scale industry is dependent on the owners qualification.

Hypothesis H_{05} small Scale Industries Human Resource Practices is independent of Owners Qualification is rejected(p=0.000<.050). Human Resource Practices is dependent on the owner qualification.

Hypothesis H_{06} the Qualification is negatively related with the owners perception that the companies growth matches with its nearest competitor growth is accepted(beta= -.226, sig=.003). This shows that the owners were having opinion that the owners were having perception that qualification is not having and positive role in the growth of the company, the response shows the negative association is significant (sig=.003).

Hypothesis H_{07} The qualification is negatively related with the owners perception that in next 5 years his company will meet the market leader growth is rejected (beta=.222. Sig=.124). The hypothesis has been rejected it shows the response of the owners inclined toward acceptance that they will catch the market leader in next five years (beta=.222) and the responses were not very significant (sig=.124).

Hypothesis H_{08} the qualification is negatively related to the owners satisfaction with the growth of company is rejected(beta=.567, sig=.000). The qualification of the owner is positively associated with the owners satisfaction with the growth of the company (beta=.567) and significantly (sig=.000). That shows that as the owners qualification increases their satisfaction with the growth of the company increases. The reason may be that they are more aware about the growth of their peer companies and in comparison to their similar type of company their growth is more.

Discussion
With the change in the qualification of the owner, he comes to know the facts about the similar type of companies operating and this gives satisfaction with the growth of his company. Other wise if owner is not aware about the growth of the other organisation it always done the wrong comparison.(H_{01})

Qualification gives knowledge about what is latest going on in the technology world? What are the different types of strategies followed by the other companies to become competitive and profitable (Khurrum M. et.al (2008) , this helps not only in profit increase but also in technology up gradation, appointment and use of appropriate man power and business expansion.(H_{02},H_{03},H_{04},H_{05}).

It is certain extent true that qualified owner is well aware about the strength and weakness of his own company

and the competitor, which gives a fear in his mind also. Some times due to more knowledge and analysis due to qualification makes him little defensive that they will not be able to match. (H_{06}).

Qualification give confidence to the owner to do better and better by learning's through knowledge and wisdom and not only this but also helps to know the core competencies of the company and weakness of the competitors. It helps to make comfortable to the owners to compete with the market leader and nearest competitor and satisfaction with the growth. (H_{08})

Conclusion

Education gives new way of thinking to an individual. The educated people were having their informal group which helps them by providing valuable advice (Pickernell D et. al. (2011). They were more aware about the latest development and happenings in the business and other circle. Education helps in the adoption of the technology , strategic thinking and development, generating profit and operating in competitive mode rather defensive mode. Education gives a vision to use the resources optimally which in long terms makes and organisation a successful organisation. The success of an organisation largely depends upon the qualification of the owner of such organisation (Simpson M.(2004).

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Annexure
H_{01}

Crosstab

Count

		Age				Total
		20-30	30-40	40-50	50-60	
Growthsatisfaction	1.00	6	12	0	0	18
	2.00	6	6	12	0	24
	3.00	0	6	12	18	36
	4.00	0	6	18	6	30
Total		12	30	42	24	108

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	32.503[a]	18	.000
Likelihood Ratio	39.231	18	.000
Linear-by-Linear Association	15.991	1	.000
N of Valid Cases	108		

a. 13 cells (81.2%) have expected count less than 5. The minimum expected count is 1.00.

Crosstabs(H_{02}-H_{05})

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
AVGTU * Qualification	107	96.4%	2	3.6%	109	100.0%
AVGPT * Qualification	107	96.4%	2	3.6%	109	100.0%
AVGBE * Qualification	107	96.4%	2	3.6%	109	100.0%
AVGHRP * Qualification	107	96.4%	2	3.6%	109	100.0%
Growthsatisfaction * Qualification	107	96.4%	2	3.6%	109	100.0%

AVGTU * Qualification

Crosstab

Count

		Qualification			Total
		Graduate	Post Graduate	Professionaly Qualified	
AVGTU	1.00	12	6	0	18
	1.50	0	6	0	6
	2.00	18	0	0	18
	2.50	4	18	6	28
	3.00	18	0	0	18
	4.00	0	6	6	12
	4.50	0	0	6	6
Total		52	36	18	106

Chi-Square Tests(02)

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	55.944[a]	24	.000
Likelihood Ratio	63.072	24	.000
Linear-by-Linear Association	11.964	1	.001
N of Valid Cases	107		

a. 20 cells (95.2%) have expected count less than 5. The minimum expected count is .51.

AVGPT * Qualification(03)

Crosstab

Count

		Qualification			Total
		Graduate	Post Graduate	Professionaly Qualified	
AVGPT	1.29	6	0	0	6
	1.57	0	6	0	6
	2.00	6	0	0	6
	2.14	0	6	0	6
	2.57	6	0	0	6
	2.71	6	6	0	12
	2.86	12	0	0	12
	3.00	10	0	0	10
	3.14	0	6	0	6
	3.57	0	6	18	24
	4.00	6	0	0	6
	4.43	0	6	0	6
Total		52	36	18	107

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	78.651[a]	44	.000
Likelihood Ratio	86.013	44	.000
Linear-by-Linear Association	7.330	1	.007
N of Valid Cases	106		

a. 35 cells (97.2%) have expected count less than 5. The minimum expected count is .51.

AVGBE * Qualification(04)

Crosstab

Count

		Qualification			Total
		Graduate	Post Graduate	Professionaly Qualified	
AVGBE	1.70	0	6	0	6
	1.90	6	0	0	6
	2.30	6	0	0	6
	2.70	12	6	0	18
	2.80	0	6	0	6
	2.90	6	0	0	6
	3.30	12	0	0	12
	3.40	0	12	6	18
	3.60	0	6	6	12
	3.70	4	0	0	4
	4.20	0	0	6	6
	4.30	6	0	0	6
Total		52	36	18	106

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	65.118[a]	44	.000
Likelihood Ratio	76.594	44	.000
Linear-by-Linear Association	5.176	1	.023
N of Valid Cases	106		

a. 36 cells (100.0%) have expected count less than 5. The minimum expected count is .34.

AVGHRP * Qualification(05)

Crosstab

Count

		Qualification			Total
		Graduate	Post Graduate	Professionaly Qualified	
AVGHRP	1.89	12	0	0	12
	2.00	0	6	0	6
	2.22	0	6	0	6
	2.44	6	0	0	6
	2.56	0	6	0	6
	2.67	0	6	0	6
	2.78	6	6	0	12
	2.89	10	6	6	22
	3.00	6	0	0	6
	3.33	6	0	6	12
	3.67	0	0	6	6
	4.22	6	0	0	6
Total		52	36	18	106

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	61.802[a]	44	.000
Likelihood Ratio	67.715	44	.000
Linear-by-Linear Association	1.549	1	.213
N of Valid Cases	106		

a. 35 cells (97.2%) have expected count less than 5. The minimum expected count is .51.

H06 H07, H08

	Un standardized Coefficient		Standardized Coefficient	T	Sig.
	B	Std Error	Beta		
Qualification	-.409	.132	-.226	-3.104	.003
Qualification	.479	.305	.222	1.568	.124
Qualification	.799	.195	.567	4.096	.000

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