



**PROBLEMS AND PROSPECTS OF
ENTREPRENEURSHIP DEVELOPMENT
(A SURVEY ON SELECT SMALL SCALE ENTERPRISES IN
VISAKHAPATNAM)**

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ABSTRACT

Entrepreneurial development is a systematic and an organized development of a person to an entrepreneur. The development of an entrepreneur refers to inculcate the entrepreneurial skills into a common person, providing the needed knowledge, developing the technical, financial, marketing and managerial skills, and building the entrepreneurial attitude. Entrepreneurial development programmes may be defined as a programme designed to help an individual in strengthening his entrepreneurial motive and in acquiring skills and capabilities necessary for playing his entrepreneurial role effectively. Economic growth hinges upon entrepreneurship. A vibrant entrepreneurial climate provides new jobs, increases competitiveness, and produces novel goods and services. It is not surprising, therefore, to learn that policymakers attempt to increase entrepreneurial activity in numerous ways. The scope of this study is to find out the perception of entrepreneurs about the problems and prospects of entrepreneurship development. This study will reveal the facts which are important to develop entrepreneurship and economic development in India.

KEYWORDS: *Entrepreneurial Development, Importance, Scope, Need, Objectives, Methodology, Perceptions, Findings and Suggestions.*

INTRODUCTION

Entrepreneurship generally refers to the rapid growth of new and innovative businesses, based on the ability to recognize business opportunities or combine resources in novel ways. There are a number of accepted definitions of entrepreneurship (and entrepreneurs). It can be understood as the ability to amass the necessary resources to capitalize on new business opportunities. Entrepreneurship may also be the act of creation requiring the ability to recognize an opportunity, shape a goal, and take advantage of a situation as entrepreneurs plan, persuade, raise resources, and give birth to new ventures.

According to the National Knowledge Commission of India (2008), entrepreneurship is “the professional application of knowledge, skills and competencies or monetizing a new idea, by an individual or a set of people, by launching an enterprise *de novo* or diversifying from an existing one (distinct from seeking self-employment as in a profession or trade), thus to pursue growth while generating wealth, employment and social good”. In academia, a common definition of an entrepreneur is “one who organizes, manages and assumes the risks of a business or enterprise.

IMPORTANCE OF ENTREPRENEURSHIP DEVELOPMENT IN INDIA

We need entrepreneurs because they create jobs. According to Tie (Entrepreneurs, a non-profit organization, promoting entrepreneurship, www.tie.org), each entrepreneur creates 30 jobs. An entrepreneurship development creates jobs, setting stage for a flourishing economy, unlike an individual who is a job seeker and a burden to the economy. Managers employed by large corporations use their creativity and intellect to make their corporations richer, whereas entrepreneurs make themselves and their nations richer. The benefits of entrepreneurship to the society and the economy as a whole are enormous. Entrepreneurship helps in avoidance of monopolies and cartels. Entrepreneurship is one of the easier ways of checking large corporations and MNCs from exploiting the consumers. Entrepreneurs realize the tremendous demand for goods abroad and help to market the surplus. They help to make the Indian market export competitive and at the same time, they make the ‘Made in India’ brand more acceptable. The surplus stock, which would have been otherwise rotting in the government storehouse, can be exported, thus serving to earn foreign exchange.

The government gets rid of the excess stock while the exporter earns revenue, leading to a win-win situation. If India wants to be a developed country, the government should realize that only entrepreneurship development can help it to grow at the desired rate. The government should frame its policies to nurture and promote budding entrepreneurs.

So, there is a need for Indians to venture out into the world of entrepreneurship, build intellectual property and create wealth, which hopefully will find its way back into the system to fund more start-ups. India may be becoming a hotbed of innovation as an increasing share of global research and development shifts here. But Indians are still not making the shift to entrepreneurship and aiming to build the next Microsofts, Ciscos and Googles. We seem to be content working for them. India needs Entrepreneurs. Together, the new entrepreneurs will inspire the next generation. That will be the real coming of age of Indian technology and entrepreneurship. To do this, the Government needs to focus on Entrepreneurship development to create a pool of trained and highly skilled entrepreneurs.

SCOPE OF THE STUDY

In India there is a dearth of quality people in industry, which demands high level of entrepreneurship development programme throughout the country for the growth of Indian economy. The scope of entrepreneurship development in country like India is tremendous. According to a National Sample Survey Office (NSSO) there was a dip in India’s employment rate that had gone down to 38.6% in 2011-12 (July-June) from 39.2% in 2009-10. With this unemployment rate had gone up from 2.5% to 2.7%. The rising of unemployment rate in India has resulted in growing frustration among the youth. In addition there is always problem of underemployment. As a result, increasing the entrepreneurial activities in the country is the only solace. Incidentally, both the reports prepared by Planning Commission to generate employment opportunities for 10 crore people over the next ten years have strongly recommended self-employment as a way-out for teaming unemployed youth. At present, there are various organizations at the country level and state level offering support to entrepreneurs in various ways. The Government of India and various States have been implementing various schemes and programmes aimed at nurturing entrepreneurship

over last four decades. For example, *Maharashtra* Centre for Entrepreneurship Development (MCED) in Maharashtra provides systematic training, Development Commissioner Ministry Of Micro, Small and Medium Enterprises (MSME), National Institute for Entrepreneurship and Small Business Development (NIESBD), Kakinada Experiment, Gujarat Industrial Investment Corporation (GIIC), Small Industries Extension and Training Institute (SIET), Hyderabad. etc., various Govt. sponsored scheme for the budding entrepreneurs.

By recognizing the importance of entrepreneurship development in economic growth and employment generation, the Government is very much focusing towards Entrepreneurship Development in India.

NEED FOR THE STUDY

Entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and passion towards the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risks-in terms of time, equity or career; the ability to formulate an effective venture team; the creative skill to marshal needed resources; the fundamental skill of building a solid business plan; and, finally, the vision to recognize opportunity where others see chaos, contradiction, and confusion. Entrepreneur is one who understands the market dynamics and searches for change respond to it and exploit it as an opportunity. Till now, 12 State Governments have established state-level Centre for Entrepreneurship Development (CED) or Institute of Entrepreneurship Development (IED) to develop entrepreneurship by conducting EDPs. Today, the Entrepreneurship Development in India has proliferated to such a magnitude that it has emerged as a national movement.

Despite all this, a considerable body of literature has accumulated on the subject of entrepreneurship to the point where, a sizeable number of studies related to entrepreneurship have been published in journals in the areas of administration and management of entrepreneurship, the role of the entrepreneur, Micro Finance Institutions, Entrepreneur education, Micro, Small and Medium Enterprises etc., the present study makes an attempt to understand the problems and prospects of Entrepreneurship Development. Based on literature study, there is a research gap and not much study has been conducted on Entrepreneurship Development. No research work done on the Problem

and Prospects of Entrepreneurship Development with reference to Visakhapatnam. Therefore, there is a need to fill up this gap and to undertake a survey on this topic.

OBJECTIVES OF THE STUDY

1. To overview Entrepreneurship Development in India
2. To study Entrepreneurship Development in select units of Visakhapatnam
3. To examine the problems and prospects of Entrepreneurship Development in Visakhapatnam
4. To suggest measures for growth and development entrepreneurship in India

METHODOLOGY

The present survey was confined to the select units of Visakhapatnam District. This study is based on both primary and Secondary Data.

Primary Sources: The primary data was collected through a well structured questionnaire designed for the purpose of the survey. A sample of 60 Entrepreneurs has been randomly selected for the survey. The data on various issues related to the Entrepreneurship Development were collected with help of questionnaire.

Secondary Sources: The major source for the secondary data which was extensively used in this study is from various published and unpublished sources like Journals, books, different websites, administrative records, management reports etc. This data has been largely used in providing the theoretical background of the subject.

DATA INTERPRETATION

An attempt is made to analyze and understand the perceptions of the sample respondents about Problems and Prospectus of Entrepreneurship Development

The data were fed into the computer. The tabulations and the results for analysis were done with the help of SPSS (Statistical Package for Social Sciences) version 16, MINITAB version-16 and Microsoft Excel for Statistical measurements such as simple percentages, mean values etc. ANOVA tests were administered to know the significant differences between the statements.

PERCEPTIONS OF THE RESPONDENTS

Entrepreneurship development is significantly influenced by the socio-economic background of the entrepreneurs. This study provides us the socio-economic background of the select

entrepreneurs in Visakhapatnam and opinions of the respondents with respect to Problems and Prospects of Entrepreneurship Development. Data was gathered from the entrepreneurs through a structured questionnaire aimed at various aspects as a part of the study. Qualitative data were gathered from target respondents focusing on the following four main

dimensions measured in a well structured questionnaire for collecting data, processing, analyzing and arriving at conclusion.

1. Reasons to start a new business
2. Problems in entrepreneurship
3. Government role on entrepreneurship development
4. Prospects of entrepreneurship development

SOCIO ECONOMIC PROFILE:-

Table 1: Distribution of Respondents by their Gender

Gender	Frequency	Percent
Male	57	95.0
Female	3	5.0
Total	60	100.0

Source: Field Survey-2015

From the above table it is clear that, out of the total sample 60 majority 95percent of the

respondents are male and remaining 5 percent are female.

Table 2: Distribution of Respondents by their Age

Age	Frequency	Percent
Less than 30 years	6	10.0
31 - 40 years	16	26.7
41 - 50 years	27	45.0
More than 50 years	11	18.3
Total	60	100.0

Source: Field Survey-2015

Table exemplifies the Age-wise distribution of the respondents. Out of the total sample of 60, it is evident from the above data that a majority (45 percent) of the respondents is in the age group of

41-50 years. While 26.7 per cent of the respondents are in the age group 31-40 years, while 18.3 Percent are above 50 years of age and the remaining 10 percent respondents are below 30 years of age.

Table 3: Distribution of Respondents by their Educational Qualification

Educational Qualification	Frequency	Percent
Below SSC	3	5.0
SSC / Intermediate	11	18.3
Degree	20	33.3
Post-Graduation & Above	26	43.3
Total	60	100.0

Source: Field Survey-2015

The above table designates the distribution of qualification of the respondents. For the convenience of analysis, the researcher has sorted the respondents into four categories according to their qualification mentioned in the table. Out of the total

sample of 60, it is observed from the data that a majority (43.3) per cent of the respondents' qualification is Post Graduates and above, while 33.3 per cent respondents are Graduates. Similarly, 18.3 per cent respondents are SSC/Intermediate qualification followed by 5 percent respondents are below SSC qualification.

Table 4: Distribution of Respondents by their Marital Status

Marital Status	Frequency	Percent
Unmarried	6	10.0
Married	54	90.0
Total	60	100.0

Source: Field Survey-2015

The table shows that majority (90 percent) of respondents are married and remaining 10 percent are unmarried from the total sample 60.

Table 5: Distribution of Respondents by their Industry (Or) Work Experience before Starting Business

Industry or work Experience before starting business	Frequency	Percent
Yes	41	68.3
No	19	31.7
Total	60	100.0

Source: Field Survey-2015

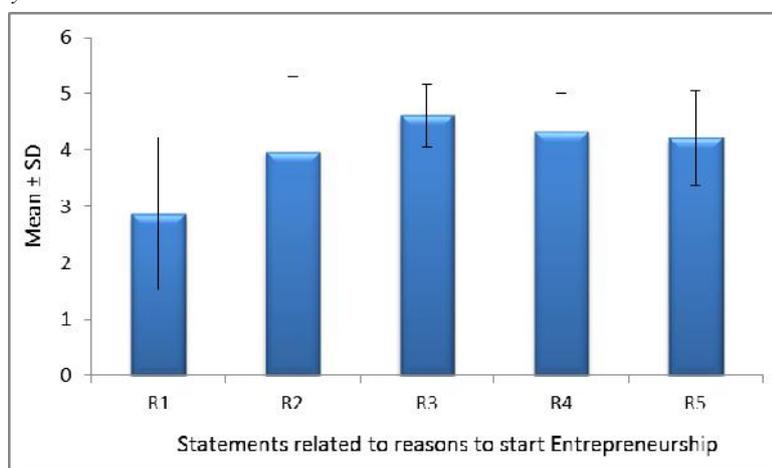
Average Experience: 5.32 and its Standard deviation =0.58

The above table reveals that majority (68.3) percent of the respondents are having industrial or work experience before starting a business and remaining 31.7 percent of respondents had no industrial or work experience before starting a business.

Table 6: Respondents Opinions on Reasons to Start New Business

Reasons to start a new business	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	SD	Percentage Score
Dissatisfaction with your previous job or occupation (if having work experience)	20	3.3	40	16.7	20	2.87	1.35	46.67
Influence and encouragement by family members, friends and relatives to start a new business	46.7	30	8.3	3.3	11.7	3.97	1.33	74.17
You started business to secure self-employment or independent living	65	31.7	3.3	--	--	4.62	0.56	90.42
More Career Advancement and Exposure in the own business	45	43.3	11.7	--	--	4.33	0.68	83.33
You have enough Information and knowledge about Business operations to start a new business	45	35	16.7	3.3	--	4.22	0.85	80.42
Average Percentage	44.34	28.66	16	4.66	6.34	4.002	0.95	75

Source: Field Survey-2015



Analysis:-

F-Value: 26.810, P-value: 0.000

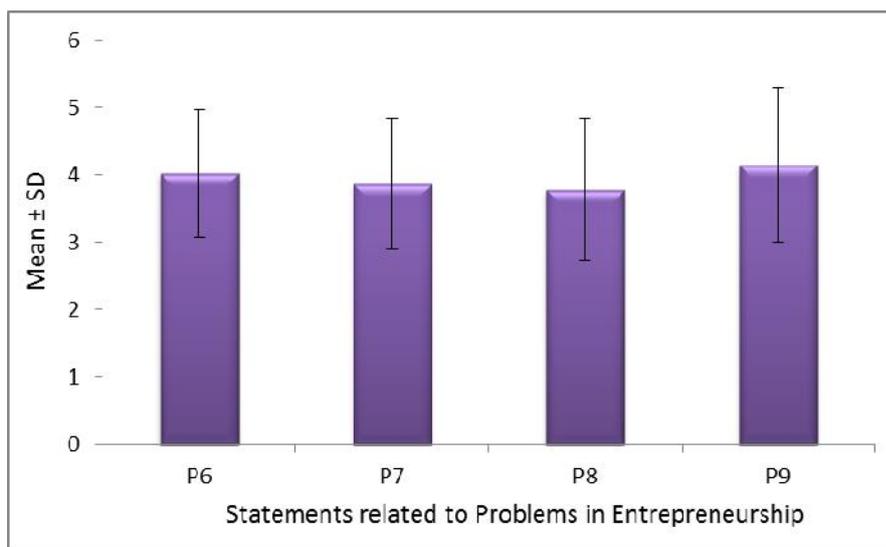
From the above table it is conclude that the main reasons to start Entrepreneurship business is to secure self-employment/ independent living and followed by Career Advancement and Exposure in the own business. Further, the percentage score for dissatisfaction with their previous job or occupation (if having work experience) is very less when compare with other reasons and it is below 50% so it's not a

big reason to start the Entrepreneurship business. The graphical representation is shown below as error bar diagram and line graph. Further from the ANOVA test value and its corresponding P-value reveals that the means scores are statistically significant at 5% level of significance i.e., the opinion of the respondents on these statements are statistically significant.

Table 7: Respondents Opinions on Problems in Entrepreneurship

Problems in Entrepreneurship	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	SD	Percentage Score
Need to face Financial Problems to start a new business	31.7	51.7	3.3	13.3	--	4.02	0.95	75.42
Risks in availability of Capital and Labour in startup business	28.3	43.3	15	13.3	--	3.87	0.98	71.67
Economic Problems have to face in a business	25	46.7	13.3	11.7	3.3	3.78	1.06	69.58
Need more technical or professional knowledge and skills to start new business	53.3	25	8.3	10	3.3	4.15	1.15	78.75
Average Percentage	34.59	41.70	9.98	12.08	1.65	3.95	1.03	73.85

Source: Field Survey-2015



Analysis:-

F-Value: 1.487, P-value: 0.219

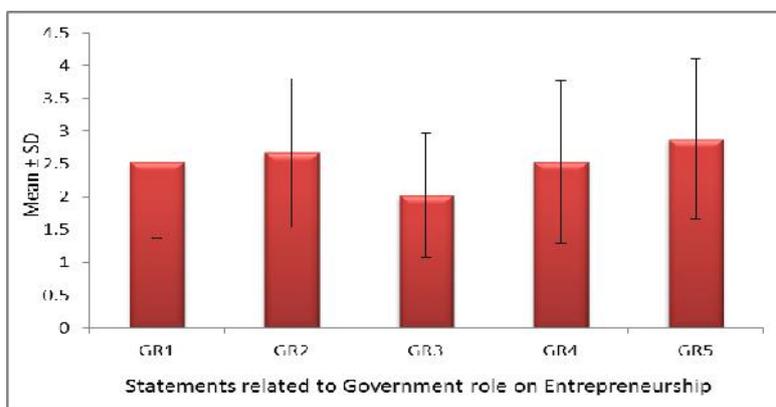
With regard to Problems faced in Entrepreneurship, the percentage score for the statement “Need more technical or professional knowledge and skills to start new business” is greater than the remaining three statements and the difference in the means scores

are not statistically significant as per the insignificant p-value of ANOVA test mentioned above. Further, the mean scores and percentage scores are close to each other with variation near to one digit for all the four statements

Table 8: Respondents Opinions on Government Role on Entrepreneurship Development

Government role on Entrepreneurship	Excellent	Good	Neutral	Average	Poor	Mean	SD	Percentage Score
Role of State and Central Governments in the development of Entrepreneurship in India	6.7	18.3	11.7	48.3	15	2.53	1.16	38.33
Government policies and schemes towards Entrepreneurship development	3.3	25	23.3	31.7	16.7	2.67	1.13	41.67
Implementation of Entrepreneurship Development Programmes by State and Central Governments in India	11.7	10	46.7	31.7	--	2.02	0.95	25.42
Finance support provided by the State and Central Government for Entrepreneurship Development	6.7	20	16.7	33.3	23.3	2.53	1.24	38.33
Finance support provided by the private organizations like Banks and finance Institutes for Entrepreneurship Development	6.7	33.3	16.7	28.3	15	2.88	1.22	47.08
Average Percentage	7.02	21.32	23.02	34.65	14.00	2.53	1.14	38.17

Source: Field Survey-2015



Analysis:-

F-Value: 4.604, P-value: 0.001

The average percentage score of all the statements is 38.17 which is 1/3rd of 100% which reveals that only 1/3rd percentage respondents are opined positively on government role on Entrepreneurship. Further, the differences in the percentages score among the five statements are statistically significant as per the

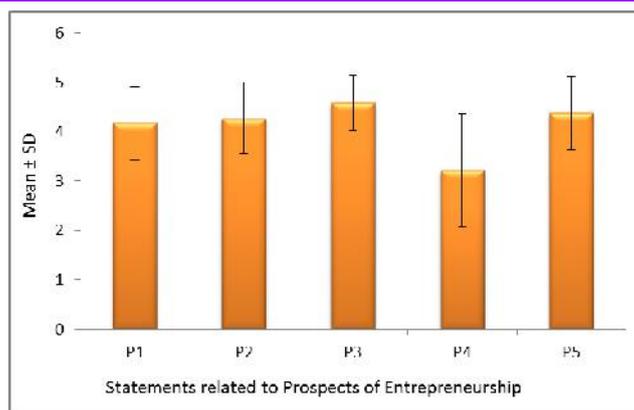
significant p-value of ANOVA test mentioned above. Further, the percentage score are all below 50% which shows that government does not support to grow Entrepreneurship development in India. The graphical representation is shown below as a error bar diagram followed by line diagram.

Table 9: Respondents Opinions on Prospects of Entrepreneurship Development

Prospects on Entrepreneurship	Excellent	Good	Neutral	Average	Poor	Mean	SD	Percentage Score
Entrepreneurship Development promotes Economic Development of India	33.3	53.3	10	3.3	--	4.17	0.74	79.17
Entrepreneurship promotes the industrial development of India	40	50	6.7	3.3	--	4.27	0.73	81.67
Entrepreneurship development creates jobs which reduce unemployment in India	61.7	35	3.3	--	--	4.58	0.56	89.58
State and Central Governments focus on Entrepreneurship development programmes for economic growth and development of Indian Economy.	16.7	20	38.3	18.3	6.7	3.22	1.14	55.42
Entrepreneurship development helps to increase gross national product as well as per capita income of the people in our nation.	50	41.7	5	3.3	--	4.38	0.74	84.58
Average Percentage	40.35	40.01	12.66	5.64	1.34	4.12	0.78	78.08

Source: Field Survey-2015





Analysis:-

F-Value: 25.779, P-value: 0.000

The percentage score of third prospect “Entrepreneurship development creates jobs which reduce unemployment in India”(89.58) is significantly higher than the remaining four prospects followed by the second Prospect. Further a very less majority of the respondents are in view with the four prospect

i.e., State and Central Governments are not satisfactory in focus on Entrepreneurship development programmes for economic growth and development of Indian Economy. The means scores and their standard deviation are presented in the below error bar diagram followed by line graph.

Table 10: Respondents Opinions on Entrepreneurial Specialized Program

Statement	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Mean	SD	Percentage Score
Universities and Institutes need to focus on Entrepreneurial education i.e. Entrepreneurial Specialized Program	58.3	28.3	13.3	---	---	4.45	0.72	86.25

Analysis:-

From the above table it reveals that majority (86.6 percent) of the respondents recommend that, Universities and Institutes need to focus on Entrepreneurial education i.e. Entrepreneurial Specialized Program.

FINDINGS

1. The study reveals that almost all the respondents are well educated except a small lot of 5 percent are below SSC and 18.3 percent are with SSC qualification. Majority of respondents 43.3 percent are having post graduation and above and 33.3 percent entrepreneurs with degree qualification, which is necessary for the entrepreneurs to start a new business. It is observed that the level of education varied among the entrepreneurs.
2. It is evident from the study that a majority (45 percent) of the respondents are above 40 years of age. This aspect is very important by that age there might be maturity in the thinking of the individual and their attitude

and behavior of the individual towards business.

3. From the study it can be observed that a majority (68.3 percent) of the respondents are having good industrial or work experience before starting their business.
4. The study reveals that majority (86.6 percent) of the respondents recommend that, Universities and Institutes need to focus on entrepreneurial education i.e. Entrepreneurial Specialized Program
5. It is noted from the study that from the overall opinion of the respondents on the dimension i.e reasons to start a new business, majority (95.2 percent) of the respondents started a new business to secure self-employment or independent living, 83.33percent respondents started new business for more career advancement and exposure in the own business, 80.42 percent of respondents have enough information



and knowledge about business operations and they are interested to start a new business, 74.17 percent respondents are influenced and encouraged by family members, friends and relatives to start a new business and 46.67 percent respondents were dissatisfied with their previous job.

6. It is witnessed from the study that the opinion of the respondents on the dimension i.e problems faced in entrepreneurship, majority (78.75 percent) of the respondents reveals that they must need more technical or professional knowledge and skills to start a new business, about 75.42 percent respondents reveals that, they faced financial problems to start a new business. Whereas, 71.67 percent of respondents mentioned that about the risks involved in availability of capital and labour to start up a new business and 69.58 percent of respondents reveal that, they also faced economic problems particularly during the period of business expansion.
7. The study found that the opinion of the respondents on the dimension i.e Government role on entrepreneurship development, about 47.08 percent respondents were with the finance support provided by the private organizations like banks and finance institutes for entrepreneurship development. Whereas, 41.67percent respondents satisfied with Government policies and schemes towards entrepreneurship development. The respondents (38.33 percent) satisfied with finance support provided by the State and Central Governments for entrepreneurship development. About 38.33 percent of respondents satisfied with the role of State and Central Governments towards development of entrepreneurship in India and only 25.42 percent of respondents satisfied with entrepreneurship development programmes implemented by State and Central Governments in India. .
8. It is evident from the study regarding the dimension i.e prospects of entrepreneurship development, majority (89.58percent) of respondents reveals that entrepreneurship development creates jobs and reduces unemployment in India. About 84.58 percent

of respondents mentioned that entrepreneurship development helps to increase gross national product as well as per capita income of the people in India. The respondents (81.67 percent) reveals that entrepreneurship promotes the industrial development of India. Whereas, 79.17 percent of respondents reveals that, entrepreneurship development promotes economic development of India and 55.42 percent of respondents mentioned State and Central Governments need to focus on entrepreneurship development programmes for economic growth and development of Indian economy.

SUGGESTIONS

1. The study shows that most of the entrepreneurs started business to secure self-employment or independent living, it is suggested that before starting a new business one should have very clear information and knowledge about business operations.
2. The study reveals that people should need more technical or professional knowledge and skills to start a new business. So, it is suggested that universities and institutes need to focus on entrepreneurial education i.e Entrepreneurial Specialized Programs to enhance the skills and knowledge of the people on entrepreneurship.
3. It is suggested Government should implement Entrepreneurial Specialized Programs which create awareness regarding entrepreneurship, which helps in creating self employment and independent living to the entrepreneurs. It also provides more career advancement to the entrepreneurs.
4. The study reveals that majority of the respondents are facing financial problems to start a new business. It is suggested that, Government and financial institutes should come forward to support and provide the necessary financial assistance to the people who are really interested to start a new business, which help them to become a real entrepreneurs.
5. The study shows that entrepreneurs are facing economic problems particularly during the period of business expansion. Therefore, it is suggested Government and financial institutes should concentrate on the

development of small scale enterprises and should provide financial support for their business expansion.

6. The present study reveals that, role of Government on entrepreneurship development i.e Government policies and schemes towards entrepreneurship development, finance support provided by the State and Central Governments, Entrepreneurship Development Programmes implemented by State and Central Governments are not satisfactory. It is suggested that, State and Central Governments should take necessary steps to improve the policies, schemes, programs and financial plans towards development of entrepreneurship.
7. Entrepreneurship development promotes the industrial development which creates jobs and reduces unemployment in India. It helps to increase gross national product as well as per capita income of the people in India. So, it is suggested that State and Central Governments need to focus on entrepreneurship development programs in India.

CONCLUSION

From the study it can conclude that, majority of the respondents reveals that they are facing financial problems to start a new business, they are facing economic problems particularly during the period of business expansion. Even they are facing risks in availability of labour. Role of Government on entrepreneurship development i.e Government policies and schemes towards entrepreneurship development, finance support provided by the State and Central Governments, entrepreneurship development programmes implemented by State and Central Governments are not satisfactory.

Government should focus on to improve the policies, schemes, programs and financial support towards entrepreneurship development. It should take proper action in implementation of Entrepreneurship Development Programmes in India. Governments need to concentrate on entrepreneurship development in India because of, it promotes the industrial development which creates jobs and reduces unemployment in India. It helps to increase gross national product as well as per capita income of the people in India. Small scale enterprises are the backbone of the country, so Government should take more interest towards Entrepreneurship Development in India.

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