

A Study on the Socio-economic Background of the Entrepreneurs of Industrial Estates in Southern Districts of Tamil Nadu

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Abstract

Industrialization in least developing countries requires more rapid social transformation than those required in the early stages of western industrialization. In order to obviate this difficulty the governments of the many developing countries have taken upon themselves the task of starting new industries, providing technical education including training, management personnel etc. Moreover, the Government provides incentives as well as infrastructure facilities. The socio-economic and psychological factors of the entrepreneurs act as a base for personal factors that lead to entrepreneurial development and skill. The social factors related to the family and communities have a bearing on entrepreneurship. The economic factors act as a base for financial support to develop entrepreneurship. The psychological factors include the aspects of personality of an individual to develop entrepreneurship. This paper, the age, education, sex, social class, nature of family, marital status, family size, earning members per family, occupational background, material possession, monthly personal income, family income and family expenditure of the selected entrepreneurs are analyzed.

Keywords: Social; Economic; Psychological; Entrepreneurship and material

Introduction

Industrialization is an effective instrument for growth and welfare. Being the secondary sector, it contributes significantly to the process of economic development and to generate national income. One of the factors inhibiting industrialization of under developed countries is social deterrent while others being economic, administrative and international factors. Industrialization in least developing countries requires more rapid social transformation than those required in the early stages of western industrialization. In general, entrepreneurial shortage are due to i) The economic environment not generally conducive to the emergence and training of the persons, likely to move successfully in initiating industrial activities, and ii) That even if there was a good supply of such persons their task as industrial entrepreneurs in a pre-industrial economy would tend to be an extremely difficult one, they shall have to start from the scratch. In order to obviate this difficulty the governments of the many developing countries have taken upon themselves the task of starting new industries, providing technical education including training, management personnel etc. Moreover, the Government provides incentives as well as infrastructure facilities. A common form of incentives in such activities usually assume the building up of industrial estates where industrial sheds are setup. Units with all facilities are offered on rental or hire purchase basis to intending entrepreneurs. Industrial estates are regarded as most efficient and economic instruments in promoting entrepreneurial development in small scale sector especially in rural and economically backward areas.

Data source

The study is based on both primary data. Primary data have been collected from the selected entrepreneurs in the southern districts (Madurai, Theni, Dindigul, Virudhunagar, Ramanathapuram and Sivaganga) of Tamil Nadu with the help of an interview schedule. Secondary data have been obtained from the books, journals, web sites and unpublished records.

Period of the study

The primary data relating to the entrepreneurs of has been collected during 2014-2015.

Socio-economic background of the selected entrepreneurs: The socio-economic and psychological factors of the entrepreneurs act as a base for personal factors that lead to entrepreneurial development and skill [1]. The social factors related to the family and communities have a bearing on entrepreneurship. The economic factors act as a base for financial support to develop entrepreneurship [2]. The psychological factors include the aspects of personality of an individual to develop entrepreneurship [3]. In this chapter, an attempt has been made to analyze the socio economic background of the selected entrepreneurs such as age, education, sex, caste, nature of family, marital status, family size, earning members, occupational background, personal income, family income and family expenditure. Further the psychological factors such as personality traits that include confidence, optimism, independence and the like have also been discussed. Under this section, the age, education, sex, social class, nature of family, marital status, family size, earning members per family, occupational background, material possession, monthly personal income, family income and family expenditure of the selected entrepreneurs are analyzed.

Age: Age is one of important aspects of the self-development since the resistance to change is relatively lesser at the young age compared to the older age. The youngsters are generally interested in learning things and take risk in their lives, which is highly essential for entrepreneurship. At the same time, the aged are having more knowledge and experience in their oceanic field. Age-wise classification of the respondents is presented in Table 1. It is inferred from Table 1 that out of 225 respondents, 76 (33.77%) entrepreneurs fall in the age group 41-50 and 63 (28%) entrepreneurs are under the age group of 31-40. The remaining 44 (19.56%) and 42 (18.67%) entrepreneurs are

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Age	Number	Percentage
Upto 30	42	18.67
31-40	63	28.00
41-50	76	33.77
Above 50	44	19.56
Total	225	100.00

Table 1: Age of the entrepreneurs.

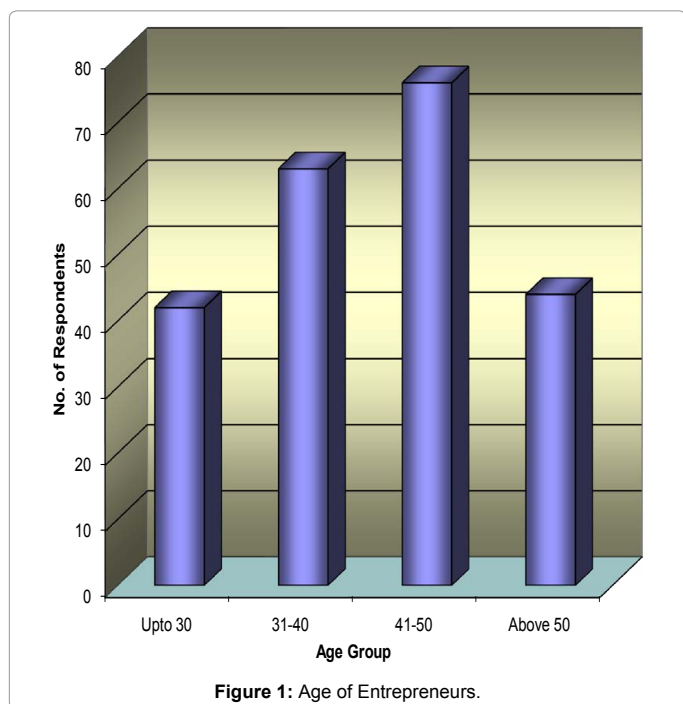


Figure 1: Age of Entrepreneurs.

under the age group of above 50 and up to 30 years respectively (Figure 1).

Education: Education is one important factor to run an enterprise and it is one of the prime necessities to become an entrepreneur [4]. The level of education may facilitate to enrich the personality of the respondents in all aspects. The entrepreneurship is not an exceptional case. By education, the respondents may widen their scope of operation and be aware of economic opportunities etc. The education level of the respondents is illustrated in Table 2. It is clearly understood from Table 2 that a majority 105 (46.67%) respondents possess college level education while 62 (27.55%) of the respondents have school level education and 58 (25.78%) of the respondents are with technical education (Figure 2).

Sex: Women entrepreneurs are key players in any developing country particularly in terms of their contribution to economic development [5]. The 8th five-year plan placed greater emphasis on women as equal partners and participants in the development process and thereby the conceptual thinking shifted from development to empowerment of women [6]. Gender may play a dominant role in determining the success of the enterprises. Sex-wise distribution of the respondents is presented in Table 3. From Table 3, it is inferred that the maximum 189 (84.00%) entrepreneurs are male while only 36 (16.00%) of the entrepreneurs are female.

Social class: The social class represents the caste of the respondents. Caste system was introduced in ancient India on the basis of occupation. Even now to some extent people of a particular caste or community stick to a particular trade. Hence, caste is also an important social factor that influences the formation of entrepreneurship. The

caste wise classification of the respondents is presented in Table 4. It is revealed from Table 4 that out of 225 respondents, 130 (57.78%) of the entrepreneurs belong to backward/most backward community, 73 (32.44%) of the respondents of forward community and rest of 22 (9.78%) who are schedule caste/ schedule tribes.

Nature of family: The nature of family indicates the nuclear family system and joint family system. Both the systems have their own merits and demerits in developing entrepreneurial behavior. The nuclear family system creates an urge among the people to stand on their own legs, whereas the joint family system provides some moral and financial support to promote the entrepreneurial behavior. The family system of the respondents is presented in Table 5. The Table 5 shows

Education	Number	Percentage
School level	62	27.55
College level	105	46.67
Technical	58	25.78
Total	225	100.00

Table 2: Education of the entrepreneurs.

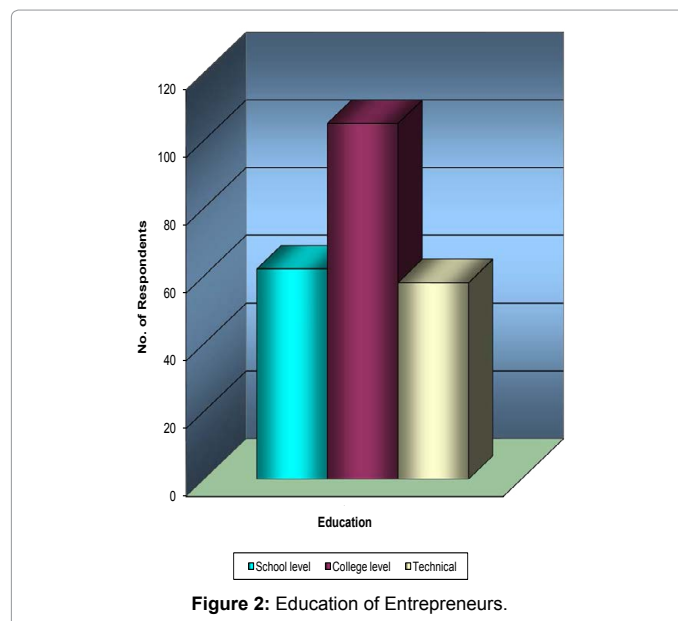


Figure 2: Education of Entrepreneurs.

Sex	Number	Percentage
Male	189	84.00
Female	36	16.00
Total	225	100.00

Table 3: Sex of the entrepreneurs.

Caste	Number	Percentage
Forward (FC)	73	32.44
Backward/Most Backward (BC &MBC)	130	57.78
Schedule Caste/Schedule Tribes (SC&ST)	22	9.78
Total	225	100.00

Table 4: Caste of the entrepreneurs.

Nature of Family	Number	Percentage
Nuclear Family	147	65.33
Joint Family	78	34.67
Total	225	100.00

Table 5: Nature of family of the entrepreneurs.

that a majority 147 (65.33%) of the entrepreneurs are belonging to the nuclear family system only 78 (34.67%) of the entrepreneurs are joint family system.

Marital status: The marital status of the respondents may influence the need of finance and the mode of earnings. It may also influence the psychological framework of respondents. The marital status of the respondents is presented in Table 6. It is clearly understood from the Table 6 that out of 225 respondents, 128 (56.89%) of the respondents are married, 77 (34.22%) who are unmarried and remaining 20 (8.89%) of the entrepreneurs are separated and widow/widower.

Family size: The most important social character of the respondents is family size. The family size indicates the number of family members who are living together with respondents. The family size may be an asset or liability, which depends upon the earning capacity of the population. In general, the increase in family size leads to financial and social commitments to the respondents with a few exceptions. This commitment may hinder the growth of entrepreneurship among the respondents. The family size of the respondents is presented in Table 7.

It is revealed from Table 7 that out of 225 respondents 115 (51.11%) of the entrepreneurs fall in the family size of 4-5 members, 65 (28.89%) of them are under the family size above 5. The remaining 45 (20.00%) entrepreneurs are under the family size upto 3 members (Figure 3).

Earning members per family: The earning members are the family members who are earning daily, weekly or on a monthly basis. As the earning members per family increase, the per capita income of the respondent's family also increases. It provides a financial and moral support to the respondents in all aspects. The higher the earning members per family, the support to the family members is also higher. Apart from that, the standard of living of the respondents

Marital Status	Number	Percentage
Unmarried	77	65.33
Married	128	34.67
Separated and Widow/Widower	20	
Total	225	100.00

Table 6: Marital Status of the entrepreneurs.

Family size	Number	Percentage
Upto 3	45	20.00
4-5	115	51.11
Above 5	65	28.89
Total	225	100.00

Table 7: Family Size of the entrepreneurs.

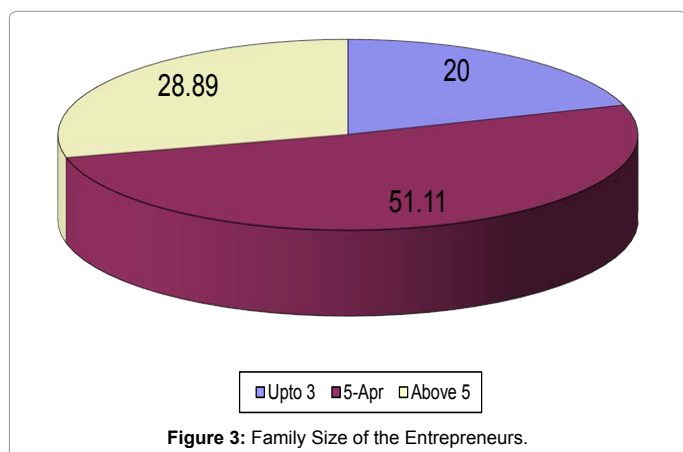


Figure 3: Family Size of the Entrepreneurs.

Earning Members per Family	Number	Percentage
One	125	55.56
Two	58	25.78
Three	30	13.33
Four	7	3.11
More than four	5	2.22
Total	225	100.00

Table 8: Earning members per family.

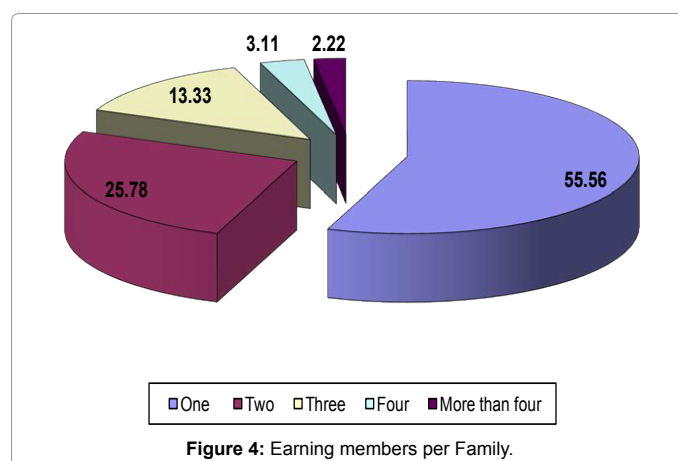


Figure 4: Earning members per Family.

Occupation	Number	Percentage
Agricultural labourers	25	11.11
Farmers	78	34.67
Non-Agricultural labourers	30	13.33
Government employees	14	6.22
Private employees	36	16.00
Micro-entrepreneurs	42	18.67
Total	225	100.00

Table 9: Occupational background of the entrepreneurs.

can be increased by more earning members per family which is highly essential for entrepreneurship. The earning members per family of the respondents are presented in Table 8. It is inferred from Table 8 that 125 (55.66%) of the entrepreneurs belong to only one earning member per family while only 5 (2.22%) of the entrepreneurs belong to more than four earning members per family (Figure 4).

Occupational Background

The occupational background represents the occupation of the father or husband of the respondents in the present study. The occupational background provides a lot of ideas to start and manage the enterprises. It also moulds the psychological behavior of the respondents, which is suitable towards enterprises. Sometimes, the occupational background provides some training to the respondents in the enterprises. The occupational background of the respondents is presented in Table 9. Table 9 clearly explains that 78 (34.67%) of the entrepreneurs are farmers while only 15 (6.44%) of the entrepreneurs are Government employees (Figure 5).

Material possession

The material possession shows the total values of the movable and immovable properties belonging to the respondents at a particular point of time. The material possession excludes the value of land holding owned by the respondents. The material possession provides a financial base to the respondents to start or manage the enterprises. The material possession of the respondents is presented in Table 10.

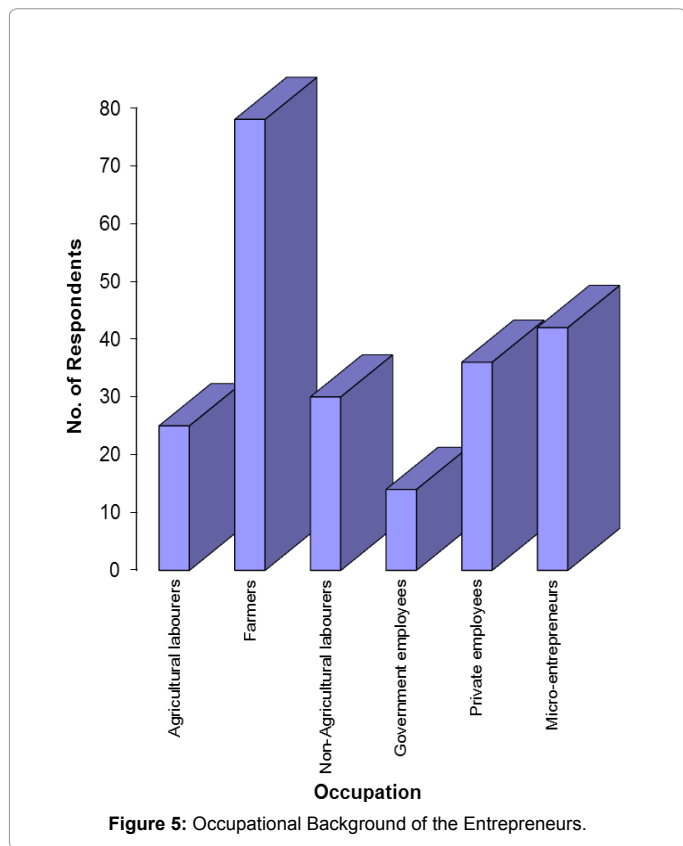


Figure 5: Occupational Background of the Entrepreneurs.

Material Possession (in Rs.)	Number	Percentage
Nil	--	--
Upto Rs.50,000	38	16.89
50,001 - 1,00,000	49	21.78
1,00,001 - 2,00,000	76	33.78
Above 2,00,000	62	27.55
Total	225	100.00

Table 10: Material possession of the entrepreneurs.

Table 10 clearly furnished that 76 (33.78%) of the entrepreneurs fall in the material possession group of Rs.1,00,001 to 2,00,000, 62 (27.55%) of them are under more than Rs.2,00,000, 49 (21.78%) of them are under the group of Rs.50,001 to 1,00,000 and 38 (16.89%) of them under the group of up to Rs.50,000 (Figures 6 and 7).

Personal income

The personal income means the income of the respondents through all possible sources of income to him or her. The personal income includes the monthly income from enterprises, employment, services, agricultural and other activities that are engaged by the respondents. Since the personal income indicates the standard of living and earning capacity of the respondents. The monthly personal income of the respondents is presented in Table 11. It is revealed from Table 11 that out of 225 respondents, 70 (31.11%) of the respondents earned monthly income between Rs.2001-3000. Only 27 (12.00%) of respondents earned between Rs. 3001-4000.

Family income

The family income represents the income earned by all earning members in the family through all sources per month. The higher family income leads to better standard of living and better education to the family members. The higher family income provides a base for

finance to start the enterprise. The respondents with better financial base may take risks in the enterprises. The family income of the respondents is shown in Table 12. It is clearly understood from the Table 12 that 85 (37.78%) entrepreneurs fall in monthly family income group of Rs.3001-5000. 58 (25.78%) of them fall under the monthly family income group up to Rs.3000.

Family expenditure

The family expenditure indicates the total expenses made on consumption by the all members in the family during a month. The family expenditure may influence the nature of savings or indebtedness among the respondents. The savings or indebtedness directly affects the entrepreneur's behavior among the respondents and also the growth of enterprises of the entrepreneurs. The higher family expenditure may affect the saving potential among the respondents. The monthly family expenditure of the households is presented in Table 13. Table 13 describes that 95 (42.22%) of the entrepreneurs fall in the monthly family expenditure group of Rs.3001-4000 while 18 (8.00%) of the entrepreneurs fall in the monthly family expenditure group of up to Rs.2000.

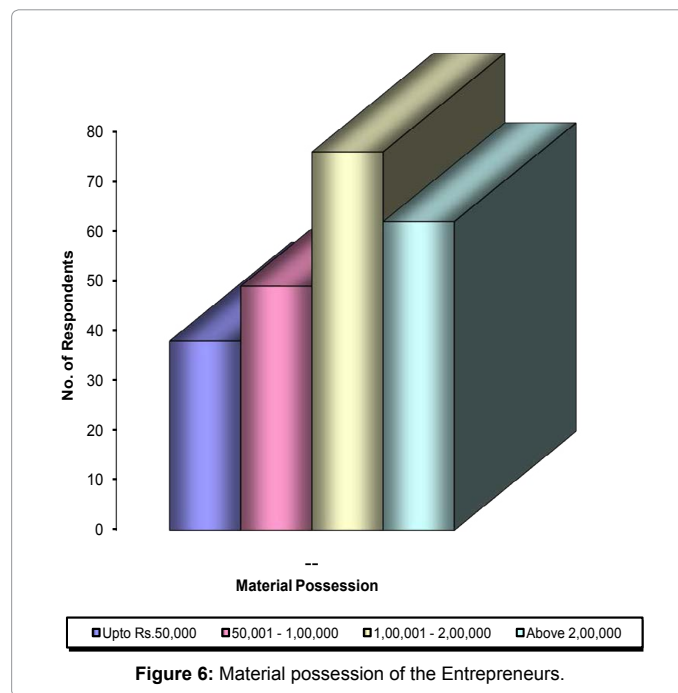


Figure 6: Material possession of the Entrepreneurs.

Monthly Personal Income (in Rs.)	Number	Percentage
Upto Rs 1000	40	17.78
1001-2000	50	22.22
2001-3000	70	31.11
3001-4000	27	12.00
Above 4000	38	16.89
Total	225	100.00

Table 11: Monthly personal income.

Monthly Family Income (in Rs.)	Number	Percentage
Upto Rs.3000	58	25.78
3001-5000	85	37.78
Above 5000	82	36.44
Total	225	100.00

Table 12: Monthly family income.

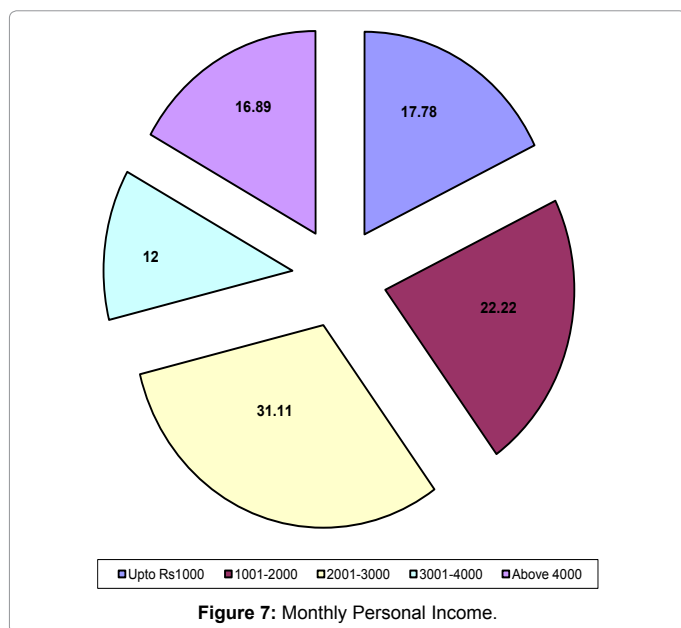


Figure 7: Monthly Personal Income.

Monthly Family Expenditure (in Rs.)	Number	Percentage
Upto Rs.2000	18	8.00
2001-3000	39	17.34
3001-4000	95	42.22
4001-5000	50	22.22
Above 5000	23	10.22
Total	225	100.00

Table 13: Monthly family expenditure.

Monthly Savings (in Rs.)	Number	Percentage
Nil	80	35.56
Upto Rs.1000	70	31.11
1001-2000	48	21.33
Above 2000	27	12.00
Total	225	100.00

Table 14: Monthly savings of the households.

Monthly savings

The savings are the outcome of the difference between income and expenditure. The excess of income may be saved in the form of financial assets. The monthly savings of the respondents are calculated by the difference between the monthly income and expenditure of the respondents. The savings among the respondents may directly or indirectly influence the entrepreneurial behavior and also the growth of enterprises among the entrepreneurs. The distribution of respondents according to their monthly savings is shown in Table 14. It is observed from Table 14 that out of 225 respondents, 80 (35.56%) had no savings at all since the equality of income and expenditure. 27 (12.00%) have a savings of above Rs.2000 per month.

Summary

The socio - economic background is found that the dominant age group among the entrepreneurs is 41 to 50 years, which constitutes 33.77 per cent followed by the age group of 31-40 years constituting 28 per cent. A maximum of 46.67% of the entrepreneurs have the college level education followed by 27.55% possessing school level education. A majority of the respondents (84%) are male and remaining 16 per cent are female. Entrepreneurs 57.78% belonging to backward/most

backward class while 32.44 per cent are from forward class. Only 9.78% is account for scheduled caste/scheduled tribes. A majority (65.33%) of the entrepreneurs are under nuclear family system. Further, 56.89% of the entrepreneurs are married and 51.11% of the entrepreneurs' have a family of four to five members. Entrepreneurs who are having either one or two earning members per family account for 81.34%. Farmers and micro-entrepreneurs constitute 34.67% and 18.67% respectively. In the aggregate, 33.78% of entrepreneurs have a material possession of Rs.1,00,001 to 2,00,000 and 16.89% have a material possession of Rs.50,000. Entrepreneurs whose personal income is Rs.2001-3000, account for constitutes 31.11% whereas 12.00% earn a monthly income of Rs.3001-4000 per month. The family income among the entrepreneurs is Rs.3001-5000, which constitutes 37.78%. A majority (42.22%) of the entrepreneurs' monthly family expenditure is Rs.3001-4000 and only 8.00% of the entrepreneurs spend a family expenditure of upto Rs. 2000. Majority of the entrepreneurs (35.56%) have no savings.

Suggestions

While selecting a Centre and site for establishing an estate/area techno-economic feasibility study of the location should be carried out. Based on the studies the type of industries to be encouraged, type of entrepreneurship to be attracted, and type and size of sheds or plots to be considered should be decided upon. Adequate attention should be had to reduce the cost by improving design, efficiency, increasing the size, coverage and reduce to the minimum area allotted for non-factory purpose. Once the units are set up the Government must monitor the progress of the units periodically. If the units encounter problems of finance, marketing, raw materials, and management the Government must extend them all possible facilities. Attracting outside entrepreneurs and technical talents from elsewhere to a less developed region is necessary to trigger of industrialization of that region. Guided entrepreneurship is to be pursued in less developed regions.

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