# PROBLEM FACED BY MICRO SMALL MEDIUM ENTEREPRENEURS IN HOSUR TALUK

**\*K. Saritha,**                    **\*\* Dr. R. Venkatesh**

*\*Research Scholar, PG and Research Department of Commerce, Don Bosco College, Dharmapuri*

*\*\* Research Guide, PG and Research Department of Commerce, Don Bosco College, Dharmapuri*

## *Abstract*

*Micro, Small and Medium Enterprises (MSMEs) have played a crucial role in the economic development of a country and second largest workforce in the country after the agricultural sector. Today, small and medium industry occupies a position of strategic importance in the Indian economic structure due to its significant contribution in terms of output, exports and employment. MSMEs are complementary enormously to the socioeconomic development of the country and provide employment opportunities at lower capital cost than by the large industries. Small businesses often face a variety of problems related to their size. This study focuses the problems faced by micro, small and medium entrepreneurs in Krishnagiri District in Hosur Taluk. In this study, 100 MSME Entrepreneurs are taken from the study area were selected as the samples, through convenient sampling method. Primary data was collected with the help of interview schedule. This study used factor analysis for identifying the problems encountered by MSME Entrepreneurs. Factor analysis found that there are four factor components.*

***Keywords:*** *Business Start-ups, Problems faced by MSMEs Entrepreneurs.*

## Introduction

The term "entrepreneurship" comes from the French verb "entreprendre" and the German word "unternehmen", both means to "undertake". Entrepreneur is a process where one person getting himself employed provides job to other. The persons are also called "entrepreneur".

An Entrepreneur is an individual who, rather than working as an employee, finds and runs a small business, assuming all the risks and rewards of the enterprises. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services and business or procedures. Entrepreneurs play a vital role in Indian economy. These are the people who have the skills and creativity necessary to expect current and future needs and bring about good new ideas to market. Entrepreneurs who prove to be successful in taking on the risks of a start-up are rewarded with profits, fame and continued growth opportunities. Those who fail suffer losses and become less prevalent in the markets.

This type of industry is to provide on various level of opportunity in our society like on various people are to getting on emplacement chance that way to developing on people standard living level and that improve on the economic level of the people.

# Review of Literature

**K. Suneetha and T.Sankaraiah (2014)[1],** Problems of MSMEs and Entrepreneurs in Kadapa District, IOSR Journal of Economics and Finance: The study conducted a survey on 156 enterprises to study their problems. It was found that 103 enterprises were facing financial problems and among them 62.8 per cent are from Micro enterprises. Moreover23 percent found as meager assistance from government agencies. In the study the divisions of Kadapa, Jammulamadugu and Rajampet were covered.

**W.G Bonga (2014)[2]**analyses the challenges faced by SMEs in the internationalization of their products and suggests some strategies which can be employed at both individual and national levels. It alsosuggests a simplified regulatory framework, good governance, accessible finance, proper infrastructure, and availability of foreign market information to help SMEs in the promotion of their exports. Some of the major challenges in the way of increased exportation are lack of adequate finance, inadequate market research and analysis, inability to understand competitive conditions, lack of expertise to enter a foreign market, unfamiliar export procedures, etc. government assistance, initial focus on few selected markets, realistic commitments, understanding employment policies and reduction of regulatory burden are few of the suggestions.

**Meeravali Shaik, et. al. (2017)[3]**establishes that although MSME sector has shown a positive contribution to employment and fixed assets growth in recent years but it still faces a number of challenges such as lack of timely credit, high cost of credit, difficulty in procurement of raw material, problems in storage and designing, inadequate infrastructure, low technology levels, lackof skilled manpower, etc. it suggests the government to adopt integrated policy with efficient governance for the MSME to help the sector increase its productivity and contribution to economic growth.

**Objectives of the Study**

- To identify the problems faced by MSMEs in Hosur Taluk.

---

[1]*k. Suneetha and T.Sankaraiah, (Mar.-Apr. 2014) Problems of MSMEs and Entrepreneurs in Kadapa District, IOSR Journal of Economis and Finance (IOSR-JEF), e-ISSN: 2321-5933, p-OSSN: 2321-5925, Vol.3, Issue 2. Ver.I, pp 31-37.*

[2]*Bonga, Wellington Garikai (2014). 'challenges faced by SMEs on exportation and possible strategies.' Social Science Research Network. Retrieved from: https://ssrn.com/abstract=2399878.*

[3]*Shaik, Meeravali and Kankipati, Ajay Kumar and Ramesh, KV and Babu, G. (2017). 'Performance of MSMEs sector in India.' SSRG International Journal of Economics and Management Studies. Vol. 4(3). pp 11-15.*

# Research Methodology

The study is conducted in Hosur Taluk in the district of Krishnagiri. The sample of the study was determined with the convenient sampling method and the population of this study defined as 100 respondents. The data were collected through questionnaire with two parts, part I demographic profile of the respondents and part II the problems faced by MSMEs Entrepreneurs.

**Analytical Tools**

Statistical techniques such as simple percentage, mean score and used factor analysis for identifying problems encountered by MSME Entrepreneurs.

**Result and Discussion**

## Table 1: Demographic Distribution of Respondents

| Demographic Details | | Frequency | Percentage(%) |
|---|---|---|---|
| Gender | Male | 87 | 87 |
| | Female | 13 | 13 |
| Total | | 100 | 100 |
| Age Group | Below 20 years | 8 | 8 |
| | 21 – 30 Years | 51 | 51 |
| | 31-40 Years | 31 | 31 |
| | Above 40 Years | 10 | 10 |
| Total | | 100 | 100 |
| Marital Status | Married | 95 | 95 |
| | Unmarried | 5 | 5 |
| Total | | 100 | 100 |
| Educational Qualification | Primary | 24 | 24 |
| | Secondary | 40 | 40 |
| | Degree | 15 | 15 |
| | Technical/Diploma | 21 | 21 |
| Total | | 100 | 100 |
| Year of Previous Experience | Below 5 Years | 49 | 49 |
| | 6-10 Years | 21 | 21 |
| | 11-15 Years | 20 | 20 |
| | Above 15 Years | 10 | 10 |
| Total | | 100 | 100 |
| Type of Experience | Machine Setting | 21 | 21 |
| | Machine Operator | 28 | 28 |
| | Supervisor | 35 | 35 |
| | Others | 16 | 16 |
| Total | | 100 | 100 |

Source: Primary Data

From the above table inferred that the demographical profile of the respondents which includes gender, age, marital status, educational qualification, year of previous experience and type of experience.

1. 87 respondents are male entrepreneurs out of 100 respondents and remaining 13 are female respondents has taken for the study.
2. 51 respondents are in the age group of 21-30 years, 31 respondents are in the age group of 31-40 years, 10 respondents are above 40 years and remaining 8 respondents are below 21 years.
3. Out of 100 respondents 95 respondents are married entrepreneurs and remaining unmarried respondents.
4. 40 respondents are qualified up to secondary,24 respondents are qualified up to primary, 21 respondents are qualified only Technical/Diploma and other 15 respondent are Degree.
5. 49 respondents have less than 5 years of experience, 21 respondent have 6 -10 years of experience, 20 respondent have11-15 years of experience and 10 respondent have above 16 years of experience.
6. Out of 100 respondents 28 respondent under the group of supervisor.

## FACTOR ANALYSIS

Factor Analysis is a method used to transform a set of variables intoa small number of linear composites, which have a maximum correlation withoriginal variables. Factor analysis is used to study a complex product (or)services, in order to identify the major characteristics or factors consideredimportant by the respondents. The purpose of factor analysis is to determinewhether the responses of several statements favoured by the respondents aresignificantly correlated. If the responses to the several statements aresignificantly correlated, it is considered that the statement measures somefactors common to all of them.

Factor analysis can only be applied to continuous variables (or)interval scaled variables. Factor analysis is like Regression analysis as it triesto 'best fit' the factors to a scatter diagram of data in such a way that thefactors explain the variance associated with the responses to each statements.Factor analysis was conducted by the researcher in the present research in thefollowing stages.

**Table No: 2 KMO and Bartlett's Test[a]**

| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .703 |
|---|---|---|
| Bartlett's Test of Sphericity | Approx. Chi-Square | 1.120E3 |

| | df | 105 |
|---|---|---|
| | Sig. | .000 |

a.   Based on correlations

Table 4.50 indicates thatthe Kaiser-Meyer-Olkin (KMO) measures of sampling adequacy in the studyare 70.3. This is good result, as it exceeds 0.5 Bartlett's Test of Sphericitywhich is 0.000, meaning that factors that form the variables are adequate.

**Table No. 3 Total Variance explained for Problem Factors**

| Component | Initial Eigenvalues | | | Rotation Sums of Squared Loadings | | |
|---|---|---|---|---|---|---|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 4.694 | 31.290 | 31.290 | 3.325 | 22.168 | 22.168 |

| 2 | 3.220 | 21.469 | 52.760 | 3.156 | 21.038 | 43.206 |
|---|---|---|---|---|---|---|
| 3 | 1.910 | 12.734 | 65.494 | 2.708 | 18.050 | 61.256 |
| 4 | 1.409 | 9.390 | 74.884 | 2.044 | 13.628 | 74.884 |
| 5 | .822 | 5.482 | 80.366 | | | |
| 6 | .575 | 3.832 | 84.198 | | | |
| 7 | .531 | 3.539 | 87.737 | | | |
| 8 | .457 | 3.049 | 90.786 | | | |
| 9 | .403 | 2.690 | 93.476 | | | |
| 10 | .316 | 2.106 | 95.582 | | | |
| 11 | .240 | 1.602 | 97.184 | | | |
| 12 | .203 | 1.352 | 98.537 | | | |
| 13 | .122 | .815 | 99.351 | | | |
| 14 | .075 | .498 | 99.849 | | | |
| 15 | .023 | .151 | 100.000 | | | |
| **Extraction Method: Principal Component Analysis.** | | | | | | |

The factor analysis by principal component method with varimaxrotation has revealed four eigen values as 3.325, 3.156, 2.708 and 2.044 respectively. This indicated that the eigen values greater than 1 led to theexistence of four major factors with 74.884 percent of variance (Table - 4.18).These factors are subjected to continuous varimax rotation with respect to thecorrelation values and component-wise segregation which has been givenbelow:

**Figure:1**



Scree Plot
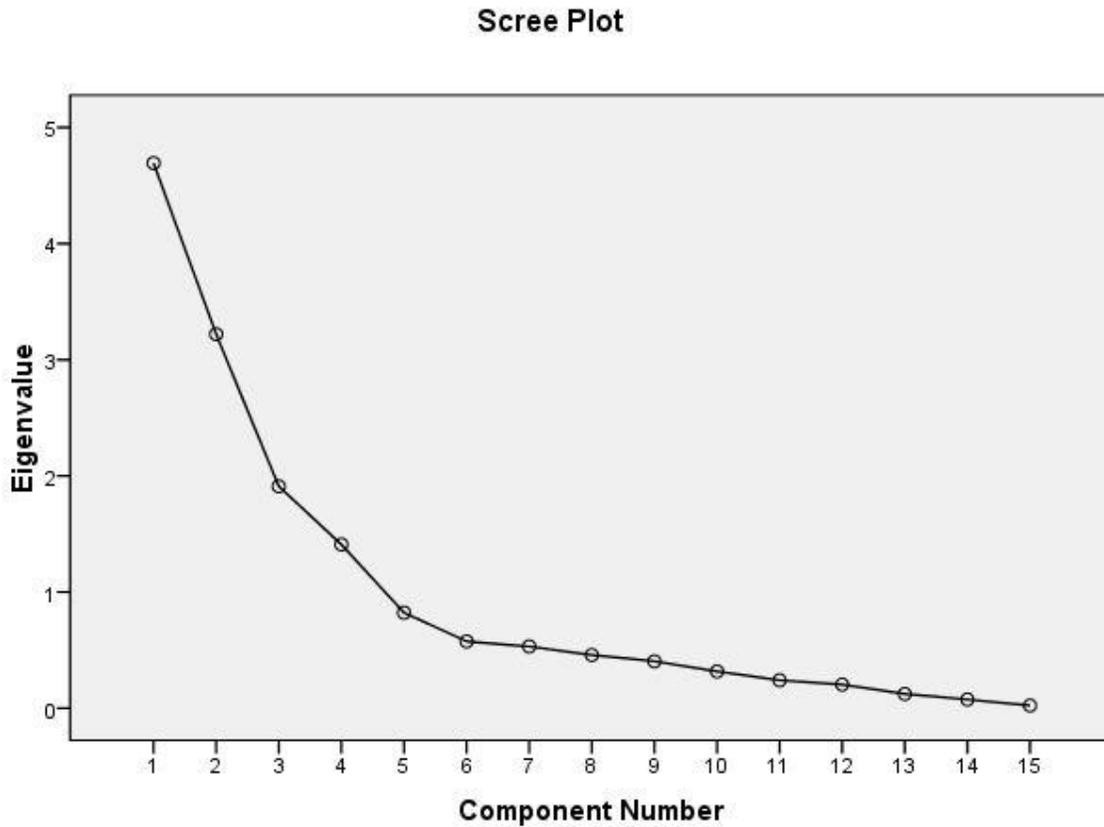
The above Component number explains the trend of the 15 variables based on Intial Eigen value. The movement of trend from the left it is higher value and step downwards towards right. This is a good sign to apply Factor analysis techniques.

**Table No. 4 Rotated Component Matrix for Problem Factors**

| Rotated Component Matrix[a] | | | | |
|---|---|---|---|---|
| | Component | | | |
| | 1 | 2 | 3 | 4 |
| **Factor I Raw Material Problems** | | | | |
| Scarcity of raw materials | **.921** | | | |
| Shortage of raw materials | **.908** | | | |
| Poor knowledge of alternative source | **.866** | | | |
| Troubling with raw materials and supplier | **.773** | | | |
| **Factor II Financial Problems** | | | | |
| Legal or bureaucratic Problems | | **.863** | | |
| Low level risk taking attitude | | **.804** | | |
| Financial Problems | | **.730** | | |
| Lack of family support | | **.701** | | |
| Lack of investor's confidence | | **.649** | | |
| **Factor III Production Problems** | | | | |
| Lack of skilled labour | | | **.913** | |
| Labour Absenteeism | | | **.863** | |
| Production Problems | | | **.729** | |
| **Factor IV Marketing Problems** | | | | |
| Market-oriented risk | | | | **.830** |
| Absence of organized marketing | | | | **.824** |
| Competition from other small scale units | | | | **.754** |
| Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. | | | | |
| a. Rotation converged in 6 iterations. | | | | |

The rotated component matrix table indicated the variable loadings in each predominant factors of women entrepreneurial growth. The first factorconsisted of three variables which were suitably named as *'Raw Material Problem'*. The second factor contained four variables which were suitablycalled as *'Financial Problem'.* The third factor included threevariables which were

named as **'Production Problem'.** The fourthfactor contained three variables which were named as **'Marketing Problem'.(Table No. 4)**

**Friedman Test**

**Table No. 5 Ranking of Problems Factors**

| S. No | Factor Name | Mean | Rank |
|---|---|---|---|
| 1 | Raw Material | 2.54 | II |
| 2 | Financial problem | 2.57 | I |
| 3 | Production Problem | 2.49 | III |
| 4 | Marketing Problem | 2.40 | IV |

Source: Primary Data

The above table shows that MSMEs Entrepreneurs are facing various problems identified that the mostly faced in on "**Financial Problem**" occupies first rank followed by " **Raw MaterialProblem**" second rank, "**Production Problem**" third rank and "**Marketing Problem**" fourth rank.

## Findings

- The study reveals that the majority of the respondents are male (87%)
- The age group of the respondent falls in between 21-30 years (51%)
- The majority of the respondents are married (95%)
- 40% of the respondents are secondary level.

## Conclusion

This study attempted to know about the problems faced by MSME Entrepreneurs in Hosur Taluk.  Factor analysis found that there are four factor components.   Legal or bureaucratic Problems,Low level risk taking attitude,Financial Problems,Lack of family support andtroubling with raw materials and supplier are the second factor component which is ranked into one.Scarcity of raw materials,Shortage of raw materials,Poor knowledge of alternative source and Troubling with raw materials and supplier are the first factor component which is ranked into two.  Lack of skilled labour, Labour absenteeism and production problems are the third factor component which is ranked into third.  Marketing-oriented risk, absence of organized marketing andCompetition from other small scale units are the fourth factor component which is ranked into four.

## Suggestions

The MSMEs Entrepreneurs is mostly faced in on financial problems and then raw material problems, labour problems and also production problems of the MSMEs industry.  When the

government is to reduce on financial problem and then to arrange on rawmaterial facilities in MSMEs sectors. The government is provide on this facility for developing on MSMEs Sectors.

## *Reference*

1. *Gottlieb MJ, How to Ruin a Business without Really Trying, Morgan James Publishing, 2014.*

2. *Dr. D.Paul Dhinakaran, "Community Relations Of Tamilnadu State Transport Corporation Ltd" International Journal Of Research And Analytical Reviews ( E ISSN 2348-1269, print ISSN 2349-5138) Special Issue March 2019.*

3. *Arun Mittal & Gupta, S.L., Entrepreneuship Development, International Book House Pvt., Ltd., Mumbai, 2011.*

4. *k. Suneetha and T.Sankaraiah, (Mar.-Apr. 2014) Problems of MSMEs and Entrepreneurs in Kadapa District, IOSR Journal of Economis and Finance (IOSR-JEF), e-ISSN: 2321-5933, p-OSSN: 2321-5925, Vol.3, Issue 2. Ver.I, pp 31-37.*

5. *Bonga, Wellington Garikai (2014). 'challenges faced by SMEs on exportation and possible strategies.' Social Science Research Network. Retrieved from: https://ssrn.com/abstract=2399878.*

6. *D.Paul Dhinakaran, "Training and Development Programmes in Tamilnadu State Transport Corporation Limited, Kumbakonam", international Journal of Research in Commerce, IT & Management, (ISSN (online):0976 -2183), Volume 3, Issue 12, Dec2013, P. 146-149.*

7. *Shaik, Meeravali and Kankipati, Ajay Kumar and Ramesh, KV and Babu, G. (2017). 'Performance of MSMEs sector in India.' SSRG International Journal of Economics and Management Studies. Vol. 4(3). pp 11-15.*