

A study on entrepreneurial competency of entrepreneurs in micro and small agribusiness enterprises

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ABSTRACT

Micro, Small and Medium Enterprises occupy an important place in Indian economy by contributing about 29 per cent of the nation's gross domestic product. The research was focused on assessing the major characteristics and skills possessed by entrepreneurs in micro and small agribusiness enterprises. Fifty three sample respondents (micro and small entrepreneurs) were selected by using convenience sampling technique and a well-structured questionnaire was used to collect the data. The results showed that the competencies such as risk-taking propensity and social orientation were higher among entrepreneurs. This revealed that the entrepreneurs were prepared to take risks in their business and they were good at developing and maintaining contacts. The competencies like flexibility and need of power were weak among the entrepreneurs. This showed that the entrepreneurs were not pliable, not dominant and weak in obtaining work from others.

Keywords: Entrepreneurs; competency; business performance; risk; business

INTRODUCTION

Among twenty nine states and seven union territories of India, Uttar Pradesh, West Bengal, Tamil Nadu, Maharashtra and Karnataka have got the first five ranks in highest distribution of Micro, Small and Medium Enterprises (MSMEs). Tamil Nadu is ranked third in distribution of MSME (Anon 2018a). The share of MSME sector in country's GDP was 28.77 per cent in 2015-2016. MSMEs in India were found to be highly heterogeneous in nature and differed in type of products, services and in terms of size. About 6,000 products related to traditional and hi-tech products are manufactured by MSMEs in India. This sector contributes in eliminating poverty and unemployment in backward areas (Katyal and Xaviour 2015).

There was tremendous growth in MSMEs in Tamil Nadu. The sector produced a wide variety of products; the noticeable among them were the textile, electronic products, engineering products, auto-

ancillaries, leather products, chemicals, plastics, garments jewellery, value added products etc. Since introduction of Udyog Aadhaar Memorandum (UAM) by the Ministry of Micro, Small and Medium Enterprises, GoI in Tamil Nadu, 41,656 UAMs were filed in Tamil Nadu as on 31 Dec 2016. They comprised 35,487 micro, 6,012 small and 157 medium enterprises providing employment to 2,96,687 with a total investment of Rs 6,218.69 crore (Anon 2018b).

Several micro and small enterprises have been operating in agribusiness. Different kinds of agribusiness in the fields of seeds, fertilizers, agro-chemicals/pesticides, farm machinery and equipment, food and agro processing, agro-information and agro-consultancy are operational in Tamil Nadu. Tremendous growth in fruits and vegetables in Tamil Nadu due to the ideal agro-climatic conditions also founded growth of agro-based MSMEs. In India, Tamil Nadu ranks third in production of fruits and also production of poultry and dairy products (Anon 2016).

Through MSMEs there is an opportunity to start a new business and make profit out of it which ultimately leads to development of the economy (Chen 2010). However for higher business performance one must possess some competency characteristics and skills. Entrepreneurial competencies are considered as one of the important determining factors for performance and growth, success or failure of business (Mitchelmore and Rowley 2013).

METHODOLOGY

The study was conducted to assess the competency possessed by the entrepreneurs (micro and small) and to identify the factors influencing entrepreneurial competency. The list of entrepreneurs developed by technology business incubator (TBI), Directorate of Agribusiness Development and Post Harvest Technology Centre (PHTC), Tamil Nadu Agricultural University, Coimbatore, Tamil Nadu formed the population. The incubation provided technology support, market linkages and testing facilities. The PHTC provided infrastructure facilities; imparted techniques of food processing and training programmes to the entrepreneurs. Both the TBI and PHTC had about 250 entrepreneurs from various districts and states. Fifty three sample respondents of micro and small entrepreneurs were selected from the population by using convenience sampling technique. The data gathered from the survey were analyzed using SPSS (Statistical Package for Social Sciences) version 16. Descriptive statistics, percentage analysis, multi-dimensional scaling technique and Cronbach's alpha were used.

The research instrument entrepreneur- scan (E-Scan) developed by Driessen (2005) was used in the study. The entrepreneurial characteristics and skills are shown in Table 1.

Table 1. Entrepreneurial characteristics and skills (E-Scan)

Entrepreneurial characteristic	Entrepreneurial skill
Need of achievement awareness	Market
Need of autonomy	Creativity
Need of power	Flexibility
Social orientation	
Self-efficacy	
Endurance	
Risk taking propensity	

Table 2. Cronbach's alpha

Competence	Reliability (α)	Items valid
Need of achievement	0.748	8
Need of autonomy	0.742	8
Need of power	0.703	8
Social orientation	0.760	11
Self-efficacy	0.823	8
Endurance	0.762	8
Risk taking propensity	0.743	4
Market awareness	0.716	9
Creativity	0.705	7
Flexibility	0.760	6
Total	-	77

After the primary data collection, reliability analysis was done for the assessment of internal consistency of the items. The results for Cronbach's alpha analysis are presented in Table 2.

The reliability results in Table 2 show that the Cronbach's alpha value ranged from 0.703 to 0.823. The invalid items (the items that were not correlated with each other) were removed and not used for further analysis.

RESULTS and DISCUSSION

The profile of the sample entrepreneurs are presented in Table 3.

From Table 3 it can be inferred that the majority of the entrepreneurs (54.72%) belonged to the middle age group (40-60 years). Most of the sample entrepreneurs were males (77.36%). Entrepreneurs completed diploma and graduate education (50.94%). Maximum share of the sample entrepreneurs had 1-10 years of entrepreneurial experience (81.14%). The major activity done by entrepreneurs was manufacturing (71.69%) and most of them had micro enterprise (62.26%) with sole proprietorship (66.03%). There was no business experience of the family members of most of them (79.25%). More than half (52.83%) of the entrepreneurs had not undergone any entrepreneurial training. For majority (71.70%) of them self-interest was found to be the motive to become an entrepreneur.

Competency of the entrepreneurs

The various characteristics and skills possessed by the entrepreneurs are presented in Table 4.

Table 3. Profile description of the entrepreneurs (n= 53)

Component	Frequency	Percentage
Age (years)		
Adult (26-40)	22	41.51
Middle age group (41-60)	29	54.72
Old age (above 60)	2	3.77
Gender		
Female	12	22.64
Male	41	77.36
Education		
School education	9	16.98
Diploma and graduate	27	50.94
Post-graduate and doctorate	17	32.08
Entrepreneurial experience (years)		
1-10	43	81.14
11-20	5	9.43
21-30	5	9.43
Major activity		
Manufacturing	38	71.69
Service	15	28.31
Type of enterprise		
Micro	33	62.26
Small	20	37.74
Ownership type of the firm		
Sole proprietor	35	66.03
Partnership	10	18.88
Private limited	8	15.09
Business experience of the family members		
Yes	11	20.75
No	42	79.25
Entrepreneurial training		
Yes	25	47.17
No	28	52.83
Source of motive to become entrepreneur		
Self-interest	38	71.70
Family members	11	20.75
Friends	1	1.89
Other business personnel	2	3.77
Neighbours	1	1.89

Data given in Table 4 show that risk-taking propensity of the entrepreneurs was highest with mean score of 5.679. It reveals that the entrepreneurs were pruned to engage in risky situations and they were not afraid of doing new things. They were very bold and took calculated risks in business activities. It was followed by social orientation with mean score of 5.662 which shows that the entrepreneurs had better relationships and adaptations with other people like customers, other business men/women, people they worked with etc.

The weakest competency found among entrepreneurs was need for power with lowest mean

Table 4. Competency of the entrepreneurs

Competency	Mean score
Risk taking propensity	5.679
Social orientation	5.662
Need of achievement	5.603
Endurance	5.521
Self-efficacy	5.427
Market awareness	5.394
Creativity	5.199
Need of autonomy	5.172
Flexibility	4.597
Need of power	4.450

score (4.450). This shows that entrepreneurs were less dominant and possessed less characteristic of getting work done from others like employees.

CONCLUSION

It was found that majority of the entrepreneurs had high risk-taking propensity and social orientation characteristics. However they were weak in flexibility skill and need of power characteristic.

Therefore characteristics such as need of power and the skill flexibility should be improved for higher competency level ultimately leading to higher business performance. Proper and suitable trainings such as management and technical trainings could be given through entrepreneurial training programmes for the entrepreneurs who had not attended any training programmes.

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