



A STUDY ON MOTIVATIONAL FACTORS OF MICRO AND SMALL ENTREPRENEURS IN CHURACHANDPUR DISTRICT OF MANIPU

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Abstract

The purpose of this paper is to factors of micro and small entrepreneurs. This research was conducted in Churachandpur district of Manipur, India from a total number of 51 entrepreneurs which were selected randomly. The data were analyzed and interpreted using SPSS. The result showed that motivation of entrepreneurs will leads to development and growth of enterprises especially small and micro enterprises. The analysis of the response shows that age, marital status, caste, size of the family etc. are not a barrier to start one's own venture instead entrepreneurs start their business with low capital for self employment and independence. The entrepreneurs are not influence by trainings or past experience and are supported by their family members. Motivation play a crucial role in entrepreneurship and the growth and success of it depend on it.

Key Words: Motivation, Entrepreneurs, Enterprise, Business.

Introduction

The entrepreneur, being a founder, a transformer, a producer, and a reproducer of the organization with its norms and values, is a central and vital factor of micro, small and medium-size enterprises. An entrepreneur's ability to set up and realize the relationship networks both within and outside of his/her organization and the entrepreneur's capacity to integrate his/her organization with the local culture are the essential prerequisites for the organization to survive in competitive markets and to acquire an innovative edge in terms of both technology and structure. It is a must that entrepreneurs are motivated so that numbers of micro and small entrepreneurs are increasing in order to develop the economy of a country. Micro and small enterprises generates employment, increases income, provide self-employment, increases savings and productions. A need arise to motivate entrepreneurs to take up these enterprises for self-reliance and economic growth also awareness must be generated to the public to start one's own venture in starting enterprises. The Economic Survey India, 2011-12 has stated "MSME is a dynamic and vibrant sector that nurtures entrepreneurial talent besides meeting social objectives including that of providing employment to millions of people across the country."

Literature Review

Robertston, Collins, Medeira and Slater, (2003). Generally a business will neither start up nor succeed without motivation Khanka. S.S. (2009), conducted a survey of 248 first generation entrepreneurs in Assam, NE India to understand the entrepreneurial motivation which reveals that entrepreneurs were primarily motivated by the need for economic achievement, personal growth, autonomy and recognition and the desire to contribute to the community was not found to be an important reason to become an entrepreneur. The study did not reveal any significant difference in the motivation of men and women entrepreneurs.

Mohammed, S. Chowdhury, ZahurulAlam, Md. IfttekharArif(2013), in their study from 80 entrepreneurs of Bangladesh found out that age, education and experience affect the success of entrepreneurs in Bangladesh and that supportive environmental factors is linked with the success of the entrepreneurs.

DipanjanChakraborty and Dr. R. Barman (2014), study 288 rural entrepreneurs in Sonitpur district of Assam, India stating that EDP and other training should not only bring motivation for entrepreneurs but also provide confidence and self responsibility. The study also reveals that proper entrepreneurial skill and marketing talent are to be given to rural entrepreneurs through proper training programmes for carrying out entrepreneurial activities. It also highlight that rural entrepreneurs need encouragement and support from the family members, government and societies. Rural migration to urban areas will reduce with proper training, accessibility and availability of capital.

Hussain&Yaqub (2010) revealed through their study of 26 micro entrepreneurs in Pakistan, that micro entrepreneurs are mainly motivated by economic factors and they believe that being in business brings them an opportunity to earn a handsome income relative to their efforts. Customer service, past experience, and the sector-specific know-how are also among the top five success factors.



Joyti Kumar and Lalhunthara (2012), in their study on socio-economic background of micro entrepreneurs in Aizawl district of Mizoram they found that education, experience, age and family play an important role in shaping the entrepreneurial ambition to become an entrepreneurs.

Vijaya(2000), Motivation is regarded as an essential component of entrepreneurship. It is found that motivation and demographic variables contribute significantly to the entrepreneurial intention in women.

Objective

The main objective of this study is to examine the motivational factors of micro and small entrepreneurs in Churachandpur district of Manipur.

Methodology

The present study was carried out in Churachandpur district of Manipur. The sample size was drawn as 51 considering the whole block of Churachandpur district selected through simple random sampling technique. The data was collected both from primary and secondary sources. Primary data was collected from selected entrepreneurs through questionnaires and secondary data was collected from the sources like DICs and KVIB and from other published and unpublished sources like books, journals, magazines, websites etc. Statistical tools and techniques are inused. SPSS version 20 is used to analysed the data.

Brief Profile of the Study Area

Churachandpur district covers an area of 4,574 sq.km. with a population of 2,71,274 persons with a literacy rate of 84.29 according to 2011 census. Unemployment is a major problem for both literate and illiterate occupants. Due to economic factor, many have undertaken to start their own venture in order to earn a living. Micro and small enterprises are a means to sustained livelihood for the district due to easy formation and less capital requirement. Under District Industries Centre (DIC) Churachandpur, there are altogether 29 registered micro and small enterprises between 2007-2013 yielding 464.86 lakhs of production and making an investment of 327.65 lakhs in plant and machinery. This micro and small enterprises also provides an employment to about 422 persons. Apart from the registered enterprises, there are numerous numbers of micro and small enterprises which are actively functioning throughout the different blocks of the districts. All shops and establishment under the districts are also being registered under Churachandpur Autonomous District Council. Also any forms of co-operatives within the district are also registered under the office of district Co-operative Societies.

Concept of Small and Micro Enterprises

In India, micro and small enterprises follows the accordance of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, where enterprises are classified into two classes:

- (i) Manufacturing enterprises and
- (ii) Service enterprises

Micro Enterprise - A micro enterprise is where the investment in plant and machinery does not exceed twenty five lakh rupees; In the case of the enterprises engaged in providing or rendering of services, micro enterprise is where the investment in equipment does not exceed Rupees 10 lakh.

Small Enterprise - A small enterprise is, where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five core rupees; In the case of the enterprises engaged in providing or rendering of services a small enterprise is where the investment in equipment is more than Rupees 10 lakh but does not exceed Rupees 2 crores.

The definition of micro and small enterprises varies from country to country. In general, the industries all over the world are defined in terms of number of employees or capital investment or both.

Findings and Discussion

Table 1: Personal information of entrepreneurs and respondents

Personal information		No. of respondents	Percent
Gender	Male	35	68.6
	Female	16	31.4
Age group	25-34	17	33.3



	35-44	16	31.4
	45-54	11	21.6
	55-64	5	9.8
	65-74	2	3.9
Marital status	Single	10	19.6
	Married	41	80.4
Caste	ST	44	86.3
	SC	1	2.0
	General	6	11.8
Religion	Hindu	8	15.7
	Christianity	43	84.3
Size of family	1-5	35	68.6
	6-10	16	31.4
Education qualification	Illiterate	1	2.0
	Below matric	10	19.6
	Matric	6	11.8
	Higher secondary	17	33.3
	Graduate	15	29.4
	Others	2	3.9
Annual income of the respondents	up to 50000-100000	19	37.3
	Above 100000-150000	18	35.3
	Above 150000-200000	6	11.8
	Above 200000-250000	3	5.9
	Above 250000	5	9.8
	Total	51	100.0

Two-third of entrepreneurs is male and younger age groups below 45 years. Nearly 80 percent of them are married. As Churachandpur district is mostly inhabited by schedule tribe (ST) communities and hence 86.3 percent of entrepreneurs are ST and majority of entrepreneurs is Christian (84.3 percent). Around 70 percent of respondents are from the family of size ranges from 1 to 5 members and remaining are above 5 members' family. Above 60 percent of entrepreneurs are higher secondary and graduates but one is illiterate. Majority of them are in middle income groups as 37.3 percent of them are having income ranges from Rs. 50000-100000 and 35.3 percent are of Rs. 100000-150000 annually.

Table 2: Classification of industry

		No. of respondents	Percent
Form of ownership	Sole proprietorship	49	96.1
	Partnership	2	3.9
Classification of industry	Micro	43	84.3
	Small	8	15.7
Type of industry	Manufacturing enterprises	8	15.7
	Service enterprises	43	84.3
Capital	UptoRs. 25 lakhs	34	66.7
	UptoRs. 10 lakhs	10	19.6
	Above Rs 25 lakhs & upto Rs.5Crore	6	11.8
	Above Rs. 10 lakhs & uptoRs. 2 crore	1	2.0
	Total	51	100.0



As shown in table 2, 96.1 percent of enterprises in the district are owned by sole proprietors and only 3.9 percent by partnership. Out of 51 enterprises, 43 (84.3 percent) enterprises are micro-enterprises and these enterprises are mostly service enterprises. However, there are 8 enterprises out of 51 that are working as manufacturing of goods. It is also known from the finding that 34 enterprises are started the business with an investment of uptoRs. 25 lakhs (i.e. 66.7 percent of enterprises), 10 enterprises uptoRs 10 lakhs, 6 enterprises above Rs. 25 lakhs & uptoRs. 5 crore and one enterprise invested above Rs. 10 lakhs but below Rs. 2 crore.

Table 3: Factors that influence the idea of starting enterprise

Factor that influence the idea of starting the enterprise	No. of respondents	Percent
Self-employment	51.0	100
Continuing family business	5.0	9.8
Dissatisfaction with present job	2.0	3.9
Eagerness to make money	19.0	37.3
Gain social prestige	3.0	5.9
Make use of technical and professional skills	6.0	11.8
Need for independence	24.0	47.1
Influence by others	4.0	7.8

There is multiple numbers of factors that influence the idea of starting a particular enterprise in the district. But self-employment is the prime factor that influences on starting the enterprise since there are much unemployment educated youths who have no means to get jobs in government and private sectors. The ultimate means of earning money for livelihood is to establish an independent enterprise which will generate self-employment. Therefore, it has been revealed from the finding that all entrepreneurs are started to do business with a small amount of capital investment in small and micro enterprises for their self-employment. Even though, self-employment is prime factor for starting enterprises, there are other additional factors that influence the idea of starting the enterprises such as need of independence (47.1 percent), eagerness to make money (37.3 percent), make use of technical & professional skills (11.8 percent), continuing family business (9.8 percent), influence by others (7.8 percent), to gain social prestige (5.9 percent) and dissatisfaction with present job (3.9 percent).

Table 4: Person who influence to start the business

Person who influence to start the business	No. of respondents	Percent
Self	50.0	98.0
Spouse	3.0	5.9
Friends	3.0	5.9
Relatives	6.0	11.8
Family members	15.0	29.4

An entrepreneur has started his/her business as small or micro enterprise by influences self-enthusiasm and or by some other persons who are known to him/her to be a good entrepreneur. There are 50 entrepreneurs out of 51 (98.0 percent) who actually want to become an entrepreneur by themselves and simultaneous influenced by his or her spouse (5.9 percent), friends (5.9 percent), relatives (11.8 percent), and family members (29.4 percent). From this finding one may conclude that majority of entrepreneurs are influenced by themselves to start the business.

Table 5: Reasons for choosing the present line of activity

Reasons for choosing the present line of activity	No. of respondents	Percent
Easy to start the business	42	82.4
High profitability	7	13.7
Less competition	9	17.6
previous experience	9	17.6
easy market	14	27.5

The reasons for choosing enterprise as their job may be of many reasons but the most important reason is easy to start business (82.4 percent) and it is followed by easy market (27.5 percent), less competition and previous experience each with 17.6 percent and high profitability (13.7 percent). Thus, Micro and small enterprises are easy to establish but it has less



profitable as compared with other business. Moreover, there is less competition among the enterprises in this area and hence a good scope of business through micro or small enterprises is likely to be expected by entrepreneurs in the district.

Table 6: Factors in selecting location of the business

Factors in selecting location of the business	No. of respondents	Percent
Birth place	37	72.5
Low cost of resources	10	19.6
Availability of raw materials	17	33.3
Availability of labor	8	15.7
Infrastructural facilities	6	11.8
Non-existence of similar units	5	9.8
Any other reasons	3	5.9

One of the most important factors for success of the business is selection of location for establishing the business. As reported by entrepreneurs there are one or more criteria for selecting location of the business. 72.5 percent of enterprises are chosen their business site at their birth places, 33.3 percent of enterprises according to availability of raw materials, 19.6 percent of enterprises according to low cost of resources, 15.7 percent of enterprises according to availability of labor, 11.8 percent of enterprises according to infrastructural facilities, 9.8 percent of enterprises according to non-existence of similar units and 5.9 percent of enterprises according to other reasons. It may be inferred that the selection of the business site is mainly based on birth places of the entrepreneurs as well as availability of raw materials in the sites.

Table 7: Source of capital to start the business

Initial source of capital to start the business with	No. of respondents	Percent
Family members	36	70.6
Govt. agencies	1	2.0
Moneylenders	4	7.8
Banks	2	3.9
Family members & moneylenders	6	11.8
Family members & banks	2	3.9
Total	51	100

Most of the enterprises located in the district is started with capital which is contributed or borrowed from the family members of the entrepreneurs (70.6 percent), and it is followed by both from family members & money lenders (11.8 percent), only from money lenders (7.8 percent), banks or both from family members & banks (3.9 percent), government agencies (2.0 percent). Thus, majority of entrepreneurs did not get financial assistance from banks and government agencies to start their business. It may be due to long process of getting loan from banks and government agencies and it is likely to hinder growth of small and micro enterprises in the district particularly.

Table 8: Attending Training Programs/EDP

		No. of respondents	Percent
Whether attended any training Programme/EDP or not	No	48	94.1
	Yes	3	5.9
	Total	51	100
Reasons for not attending training programmes/EDP	Not aware	44	91.7
	No time	1	2.1
	Felt not necessary	3	6.3
	Total	48	100

Only around 6 percent of the entrepreneurs who are running either small or micro enterprises in the district were attended training programs or EDP (entrepreneur development program) organized by either government agencies or by private agencies. And main reason for not attending training program was due to unawareness among entrepreneurs for such programs.



Discussion and findings

The main objective of the study is to find out the motivational factors of small and micro entrepreneurs in the study area. The study support that age and education affect the success of an enterprise, several other studies supports this revelation(DildarHussain, Muhammad ZafarYaqub; Mohammed S. Chowdhury, ZahurulAlam; S,S,Khanka; Joyti Kumar and Lalhunthara).

An enterprise in the study begins mainly forself employment. This shows that due to unemployment problems the youth at the age group 25-35 are seeking self employment, this not only solves their purpose of employment but also generates employment for others.

The study also shows that Entrepreneurial Development Programme (EDP) and any other form of training is not only the motivational trait for entrepreneurs. Majority of the entrepreneurs are not trained which support the studies of DipanjanChakraborty and R. Barman (2014).Also majority of the entrepreneurs are encourage to start their own business ventures due to unemployment problem which falls under economic factor believing that entrepreneurship will incurred income. This support the studies carried out by Hussainand Yaqub (2010). The study also show the important role played by motivation and its great contribution to the success of an enterprises (Vijaya, 2000).

Suggestion and Conclusion

The entrepreneurs played a massive role in production, increasing income and savings,provide self employment and employment to others leading to economic growth. On the basis of the findings of the study, some suggestion for micro and small entrepreneurs are laid down:

1. Entrepreneurs should be motivated and awareness to the public should be carried out for entrepreneurship.
2. Industrial policy should be strengthened so as to enable the entrepreneurs to seek entrepreneurial career.
3. The government should make awareness in providing training to the entrepreneurs and make the formalities as simple as possible.
4. Entrepreneurial Development Programme (EDP) should be performed and the assistance available in term of subsidy, finance, market and raw materials must be exposed to the entrepreneurs in order to motivate them.
5. Entrepreneurs should be encouraged to grow, expand and innovates instead of simply undergoing easy to start business.
6. Awareness programmes have to be implemented under the initiation of industries centre in order to enable more women to become entrepreneurs.

Motivation of entrepreneurs will leads to development and growth of enterprises especially small and micro enterprises. The analysis of the response shows that age, marital status, caste, size of the family etc. are not a barrier to start one's own venture instead they own their own business with low capital for self employment and independence. The entrepreneurs are not influence by trainings or past experience and are supported by their family members. Motivation play a crucial role in entrepreneurship and the growth and success of it depend on it.

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