



Entrepreneurial Support and its Relation to Levels of Success

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ABSTRACT

Micro, Small and medium enterprises (MSMEs) play significant roles in creating jobs and contributing to countries export and growth of GDP. Apart from personality traits, knowledge and skills; support factors also play important role in the process of making successful entrepreneur. It is important for the researcher to know whether there is any relationship between the levels of entrepreneurial support and levels of success.

This paper proposes to examine the levels of entrepreneurial support, levels of success and the relationship between levels of support and their levels of success. A representative sample of 85 entrepreneurs is selected from Assam using multistage random sampling method. A well structured questionnaire is used to collect the data. Appropriate statistical tools are used to analyse the data. The study reveals that there is significant relationship between entrepreneurs' levels of support and their levels of success.

KEYWORDS : entrepreneurial support, levels of success, MSME

1. Introduction

Success of entrepreneurs greatly depends on the entrepreneurial support system. Entrepreneurs generally receive two types of supports i.e. external and internal. External support includes government support such as favorable policy, tax exemption, infrastructure, supply of raw materials, marketing and technology up gradation; Institutional support for training, support from chamber of commerce and business association. Internal support mainly comes from family members, relative and friends. This paper aims to verify the important support factors of the entrepreneurs and their relationship with the levels of success.

2. Review of literature

Many researchers are of the opinion that entrepreneurs support system plays significant role in becoming successful. Gelard and Saleh (2011) in their work showed that environmental threats and opportunities have important impact upon the Iranian entrepreneurs. Al-Mahrouq (2004) in an empirical study identified the main factors that mostly used to reflect the success of Jordanian small and medium-sized enterprises. The results of the survey point out a set of five factors separately identifiable factors that have positive and significant impact on the success of the sample firms. Kader, Mohamad and Ibrahim (2009) discussed the impact of government support towards entrepreneurial development. Irwin (2006) in a study mentioned that government policies are crucial in creating an environment that enables entrepreneurial business to flourish. Yunus M. & others (2006) in their study evidenced that external factors generally examined the role of government in creating an environment that is conducive to smaller business success. The major impediment to success among SMEs is the unavailability of various forms of support, such as financial and training support, family & peer group support.

Clover and Darroch (2005) noted that access to public physical infrastructure services for instance water, electricity, serviceable roads, telecommunication, telephones, electronic media and postal services which are all crucial for business start-up, development and growth. Djankov (2005) emphasized the role of institutions, the role of social networks and the role of personal characteristics plays an important role in becoming success. Having entrepreneurs in the family and among one's friends – appear important. Dionco-Adetayo (2004) in a study, advocated that a business is a part of the larger systems like the industry where it belongs, economic system, and the society. It could be either direct or indirect. Direct elements like the government agencies, financial institutions and the indirect elements like technology, economy and infrastructure, political and legal are influencing the business operations. Carrier (2004) et al. opined that the success of entrepreneurs is influenced by support from others, which

can be in the form of formal and informal support. Formal support comes in the form of financial, technology, and strategic partnerships or industrial contacts. Levent et al (2003) opined that informal support may come from personal and community-based networks.

Tustin (2003) conducted a study on SMEs and findings emphasized that the availability of appropriate economic resources is important for business development. It helps SMEs to secure the necessary expertise and raw materials to put entrepreneurial ideas into practice, to be competitive, to survive during unfavourable conditions and to grow. Niels Bosma et. al. (2000) explored the emotional support of the spouse make about 80% more profit than their counterparts having to do without this support. Sarder, et al. (1997) conducted a study of 161 small enterprises in Bangladesh and found that firms receiving support services, such as marketing, management education and training, technical, extension and consultancy, information, and common facilities from the public or private agencies experienced a significant increase in sales, employment and productivity.

3. Objectives of the study

- To measure the level of support of entrepreneurs
- To measure the level of success of entrepreneurs
- To establish relationship between levels of entrepreneurial support and their levels of success

4. Hypothesis

The hypothesis governing the study is that there is no significant relationship between levels of entrepreneurial support and their levels of success.

5. Research Methodology

The type of research followed here is descriptive in nature.

(i) Sampling design

The type of sampling used in this study is multistage sampling. The universe of the study consists of 756 successful food processing entrepreneurs of Assam. A representative sample of 85 entrepreneurs is considered for the study at 95% level of confidence and at 10% confidence Interval.

(ii) Data collection

The primary data was collected directly from the selected entrepreneurs by serving structured questionnaire during April 2012 – March 2013.

(iii) Instruments for Measuring levels of Support

The following 6 support variables were used for measuring levels of support in the questionnaire on the basis of review of literatures.

- a) Family support
- b) Friend Circle / Peer group support
- c) Government support for subsidy
- d) Government support for supply of raw material & selling of products
- e) Government support for providing technology & quality testing
- f) Institutional support for training

With reference to the above stated six variables, six statements are made and measured in the five point ordinal scale that is strongly agree, agree, neutral, disagree & strongly disagree. Ultimately score of 5, 4, 3, 2, 1 are assigned corresponding to degree of agreement. Reliability test of the instrument for measuring support is carried out and the cronbach's alpha is found to be 0.617 which indicates the reliability of the scale used.

Finally the following scale for measuring levels of score on Support variables is obtained.

Table No. 1: Scale for Measuring Levels of Score on 'Support Variables'

	Levels of score on 'support variables'		
	Low	Moderate	High
Score on support variables	6 to 12	13 to 24	25 to 30

(iv) Level of success measurement

Success of the entrepreneur is measured by success of the firm. Levels of success was measured in terms of sales growth of the enterprises over the last three years. The compounded annual growth rate of 85 respondents was normalized to arrive at three linear intervals namely low level success = 0 to 33.33%, moderate success = 33.33% to 66.66% and high level success = 66.66% to 100%

(v) Data Analysis

Statistical software SPSS 15 is used for analyzing the data. Kendall's tau-c correlation is used to measure the degree and direction of relationship between levels of success and levels of entrepreneurial support.

6. Findings of the Study

(i) Entrepreneurs' levels of Support

Table no. 2: Entrepreneurs' Levels of Support

	Levels of Score on support variables			Total
	Low	Moderate	High	
No. of Entrepreneurs	16	54	15	85
% of Entrepreneurs	18.82%	63.53%	17.65%	100%

It is revealed from the above table no.2 that 17.65% of entrepreneurs have received high level of support, 63.53% have moderate level of support and 18.82% have low level of support. None of the entrepreneurs is found to have received low or very high level of support.

(ii) Entrepreneurs' Levels of Success

Table no. 3: Entrepreneurs' Levels of Success

	Levels of success			Total
	Low level Success	Moderate Success	High Level Success	
No. of Entrepreneurs	39	28	18	85
% of Entrepreneurs	45.9%	32.9%	21.2%	100%

It is observed from the above table no. 3 that 21.2% of entrepreneurs have high level of success, 32.9% have moderate level success and 45.9% entrepreneurs have low level of success.

(iii) Relationship between levels of entrepreneurial support and their levels of Success

Table no. 4: Cross-tabulation for levels of Score on Support Variables and levels of Success

Low	Levels of Score on support variables			Total	
	Moderate	High			
Levels of success	Low level success	0	29	10	39
	Moderate level Success	2	21	5	28
	High level success	14	4	0	18
Total		16	54	15	85

The above table (4) represents the relationship between the levels of score on support variables and the entrepreneurs' levels of success. Both the level of score on support variables and the level of success are expressed in ordinal scale. It is imperative to know whether the relationship between the level support received by the entrepreneurs and their level of success is significant or not. Kendall's tau-c correlation is calculated (Table No. 5) in order to find the degree and direction of relationship between support variables and the entrepreneurs' levels of success.

Testing of hypothesis:

Ho: there is no significant relationship between levels of entrepreneurial support and their levels of success.

Ha: there is significant relationship between levels of entrepreneurial support and their levels of success.

Table No. 5: Kendall's Tau-c Correlation between levels of entrepreneurial support and levels of Success.

		Value	Sig.
Ordinal by Ordinal	Kendall's tau-c	.459	.000
No of Valid Cases		85	

It is observed from the above table (5) that $p (=0.000) < .05$, the value of Kendall's tau-c = 0.459 is significant at 5% level of significance (i.e. $\alpha=5\%$). Therefore the null hypothesis is rejected and the alternative hypothesis is accepted. Hence there is significant relationship between the levels of support and the levels of success of entrepreneurs. In other words, the more the support entrepreneurs received the more is their success.

(iv) Support Variables and their relationship with the Level of Success

Table no. 6: Support Variables and their relationship with the levels of Success

Code No	Support variables	Value of Kendall's Tau-C	P Value	Significant at $\alpha=5\%$
SFQ1	Family support	.246	.005	Significant
SFQ2	Friend Circle / Peer group support	.362	.000	Significant
SFQ3	Government support for subsidy	.375	.000	Significant
SFQ4	Government support for supply of raw material & selling of products	.483	.000	Significant
SFQ5	Government support for providing technology & quality testing	.321	.000	Significant
SFQ6	Institutional support for training	.091	.317	Insignificant

The above table (6) indicates that out of six (6) support variables considered for the study, five (5) are found to be significantly associated with the levels of success.

7. Conclusion

The study reveals that there is significant relationship between entrepreneurs' levels of support and their levels of success. Out of six (6) support variables considered for the study, five (5) are found to be significantly associated with the levels of success. These variables are:

- 1) Family support
- 2) Friend circle / Peer group support
- 3) Government support for subsidy
- 4) Government support for supply of raw material & selling of products
- 5) Government support for providing technology & quality testing

It is rather surprising to know that 'Institutional support for Training' does not have significant impact on entrepreneurs' success. It is due to either the trainings provided by the government institutions here in Assam are not up to the mark or the successful entrepreneurs do not attend such trainings. In other words, their success is not dependent on trainings so received.

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