



# Knowledge and Skills of Successful Food Processing Entrepreneurs

## KEYWORDS

Entrepreneurial knowledge and skills, risk taking, internal locus of control

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**ABSTRACT** *Food processing involves any type of value addition to agricultural or horticultural produce and also includes processes such as grading, sorting, and packaging which enhance shelf life of food products. The food processing industry is one of the largest industries in India-it is ranked fifth in terms of production, consumption, export and expected growth.*

*As per the report of third and fourth Census of MSME in India, food processing enterprises are mostly bound to fail. The present study is an attempt to know about the important knowledge and skills required to become successful. Out of 11 knowledge and skills considered under this study, 9 are found to be significantly important.*

### Introduction

Food processing is a large sector and all covers industries that use agriculture inputs for manufacturing of edible products. The Ministry of Food Processing, Government of India indicates the following segments within the Food Processing industry:

Dairy, Fruits & Vegetables Processing

Grain Processing

Meat Processing

Fisheries

Consumer foods including package foods, beverages and packaged drinking water.

The government has formulated and implemented several schemes for promoting these sectors by providing financial assistance, creation of infrastructure, support for research and development. Despite all these efforts, food processing Industry in India is yet to grow. The present study is an attempt to know the important knowledge and Skills of successful entrepreneurs in food processing enterprises of Assam.

### Review of literature

Knowledge means facts, information, and skills acquired through experience or education; the theoretical or practical understanding of a subject. It also means awareness or familiarity gained by experience of a fact or situation. Skill means proficiency, facility, or dexterity that is acquired or developed through training or experience. Knowledge & skills play an important role in becoming successful entrepreneurs.

Yahya et. al. (2011) in their article attempted to analyze the contribution of entrepreneurs in terms of their management skills towards the success of small and medium enterprises (SMEs) in the services sector in Malaysia. The findings revealed that high entrepreneurial success was associated with high business operating skills, skills to obtain market share that suits their size and capability and skills to offer more special services. Makhbul (2011) in his study emphasized the significance of communication skill as well

as leadership skill of the entrepreneur.

Naqvi (2011) in his research report enlisted the main key factors of success of SMEs of Bahawalpur. The important determinants of success among others include improved customer service, technical know-how of the business and the past experience of the manager and the like. Zampe-takis and Kanelakis (2010) in their study emphasized that prior knowledge of the people and level of education are significant predictors of opportunity entrepreneurship. It was revealed that prior knowledge of markets, prior knowledge of ways to serve markets, and prior knowledge of customer problems are the pre-requisite of the successful entrepreneur.

Markman (2007) in a research findings pointed out that, entrepreneurs are those who possess the knowledge, skills, and abilities to be a strategic leader for their ventures, in which their actions influence the ventures' success. The entrepreneurs formulate strategy, recognise opportunities, and transmute these opportunities into business success. Ibro, Fulton and Lowenberg-DeBoer (2006) in their survey of 400 entrepreneurs revealed that food processing vendors with more experience were more likely to be successful.

Gideon D. & Robert A. Baron (2003) suggests that to the extent entrepreneurs are high on a number of distinct individual-difference dimensions (e.g., self-efficacy, ability to recognize opportunities, personal perseverance, human and social capital, superior social skills) the closer will be the person-entrepreneurship fit and, consequently, the greater the likelihood or magnitude of their success. Bosma, Praag and Wit (2002) in their research work advocated the importance of human capital and revealed that high as well as professional education, previous experience of a particular sector, trade, experience as an employee; self-employment as well as financial experience played a major role in entrepreneurial success.

Andreas Rauch & Michael Frese (2000) identified entrepreneur's level of education, his industry specific experience, and his management experience to be related with success. Delmar, F. and Davidsson (2000) indicated that interest in owning a small business increases with work experience in small business. As regards education, most studies

indicate a positive effect on self-employment, at least for low versus intermediate levels of education. Fielden (2000) in a study reported that knowledge, skills and experience are very crucial to enterprise survival while experience from previous job, and on the job experience were key factors in enterprise duration, growth and survival.

McDale (1998) in a study conducted in Ghana assured that, entrepreneurs required various types of assistance for their success. The contributing factors to business success among others include the following:

The management skills for instance applying for a business loan,

Marketing of their products, and

Innovation in their products.

In a study conducted by Javed G. and Jonathan M.(1996) it was found that over half of interviewees started a business in a sector in which they had prior experience, knowledge or skills. Apostilidis (1977) in a study highlighted six important features for successful entrepreneurs. These six features were related to management skills. After reviewing a number of earlier studies, the researcher interacted with faculty members, industry experts, DIC & MSME officials, entrepreneurs; and also a pilot study was conducted to include the following **'knowledge & skills' leading to entrepreneurial success** in the proposed research.

- Professional education
- Communication skills
- Product knowledge
- Technical skills
- Selling skills
- Acquiring timely information
- Understanding customer needs
- Team management
- Leadership skills
- Utilizing skilled manpower
- Previous experience

#### Objectives of the study

The objective of the study is to identify the important knowledge and skills of successful Food Processing entrepreneurs in Assam

#### Research Methodology

The type of research followed here is descriptive in nature.

#### Sampling design

The type of sampling used in this study was multistage sampling. A representative sample of 85 entrepreneurs out of 756 was considered for the study at 95% level of confidence and at 10% confidence Interval.

#### Data collection

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

#### Instruments for Measuring Important Knowledge and skills factors

With reference to the above stated 11 knowledge and skills, eleven statements were 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 were assigned corresponding to the degree of

agreement. Reliability test was carried out and the cronbach's alpha was found to be 0.674 which indicates the reliability of the scale used.

#### Data Analysis

Statistical software SPSS 15 was used for analyzing the data. Descriptive statistics was used for summarizing the collected data. Kendall's Tau-C was used to identify the important variables.

#### Findings - Important knowledge and skills of successful Food Processing Entrepreneurs

On the basis of review of literature, eleven (11) 'knowledge & skills' for successful entrepreneurs were identified as stated in review of literature. The objective of this paper is to find out the important 'knowledge & skills' of entrepreneurs contributing to success in Assam. For which, each 'knowledge & skills' has been tested for its significant association with the level of success. The result of Kendall's Tau-c correlation test is given in table No.01 below.

**Table No. 01: Knowledge & Skills and their relationship with the Level of Success**

Code	'Knowledge & Skills'	Value of Kendall's Tau-C	P Value	Significant at $\alpha=5\%$
KSQ1	Professional education	.154	.109	Insignificant
KSQ2	Communication skills	.615	.000	Significant
KSQ3	Product knowledge	.533	.000	Significant
KSQ4	Technical skills	.110	.250	Insignificant
KSQ5	Selling skills	.429	.000	Significant
KSQ6	Acquiring timely information	.320	.000	Significant
KSQ7	Understanding customer needs	.349	.000	Significant
KSQ8	Team management	.304	.000	Significant
KSQ9	Leadership skills	.301	.000	Significant
KSQ10	Utilizing skilled manpower	.380	.000	Significant
KSQ11	Previous experience	.308	.000	Significant

The above table (1) indicates that out of eleven (11) 'knowledge & skills' for successful entrepreneurs, nine (9) are found to be significantly associated with the level of success of the entrepreneurs. These variables are KSQ2, KSQ3, KSQ5, KSQ6, KSQ7, KSQ8, KSQ9, KSQ10 and KSQ11.

#### Conclusion

It may be concluded here that there is significant relationship between 'knowledge & skills' and the level of success of entrepreneurs. Out of the eleven (11) 'knowledge & skills' considered under this study, nine (9) are found to be significantly associated with the level of success of the entrepreneurs. 'Professional education' and 'technical skills' are found to be insignificant in the context of entrepreneurs under study. This should be positive motivation for struggling entrepreneurs that one can become highly successful even without professional or technical background. The study suggests that an upcoming entrepreneur or an entrepreneur struggling for success should acquire essential 'knowledge & skills' like communication skills, selling skills, and 'product knowledge' in order to become

successful. In line with the earlier researches, the present study advocates the importance of 'previous experience'. The upcoming entrepreneurs should better acquire related experience before starting their own venture. It also advocates that 'understanding customer needs' and 'acquiring market information' are important characteristics of successful entrepreneurs.

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