



EVIDENCE ON OWNERS CHARACTERISTICS INFLUENCES ON MICRO AND SMALL ENTERPRISES IN SOUTH ANDAMAN OF ANDAMAN AND NICOBAR ISLANDS

Dr. Treemurutulu.B

Assistant Professor

Department of Commerce, Andaman College (ANCOL)
Andaman and Nicobar Islands

Abstracts

The purpose of this research paper to understanding the owners' characteristics influence on micro and small enterprises in South Andaman. This study is based on primary sources of data were collected from 338 owners of micro and small entrepreneurs in South Andaman. The research study results show that only few scheduled tribes enterprises are existing in South Andaman. The results of the study also revealed that majority from male entrepreneurs are running business. The study results shows that there is a significant relationship between gender and types of business activity. Similarly, age group and types of enterprises shows significant association. Therefore, the study suggests that policy framing institutes more focus on tribal people and women entrepreneur by providing training on eco-friendly business, bamboo manufacturing, financial support, special incentives and subsidies, as a result it will greatly impact on living standards and their livelihood of entrepreneurs.

Keywords: Micro, Small Enterprises, South Andaman.

Introduction

India, which has the 2nd largest population in the world of over 130 crores. Currently, India faces major socio-economic problems such as unemployment, poverty and low investment which has serious impact on the micro and macro economy of the country. To overcome such socio-economic issues, developed and developing countries around the world consider promoting Micro, Small and Medium Enterprises (MSMEs) for their sustained economic growth. As India's GDP growth is expected to touch 8 percent plus again and the country likely to emerge as a USD 5 trillion economy by 2025, MSMEs could significantly increase their contribution to GDP from the current 37.54 percent to 50 percent by 2020.

In view of the important contribution of entrepreneurs and micro, small and medium-sized enterprises to economic growth, innovation and employment creation, both researchers and policy makers emphasize the need to obtain a better understanding of the factors that influence the performance of these firms. Interest in the characteristics of entrepreneurs and firm performance has received increased attention in recent years. A great deal of that literature explores characteristics of the entrepreneur related to the human, financial, and social capital factors that influence firm performance (Bekele and Worku, 2008; Holmes et al., 2010; Yogo and Atangana, 2012, Martin et al, 2013). So, the development of MSMEs is extremely critical to meet the national imperatives of financial inclusion and generation of significant levels of employment in urban and rural areas across the country. Continuous initiatives are taken by the ministry to promote MSMEs in all areas of agriculture, manufacturing and services sectors because each of these sectors will continue to be every relevant to the overall GDP growth as well as employment generation. Indian MSMEs to face such grave consequences due to certain pitfalls. When the issue for micro and small businesses in mainland in substantial and alarming, it is needless to insist the depth of such issues in Islands region.

Hence, the present study is to analyse the owner's characteristics of micro and small businesses in South Andaman district of Andaman & Nicobar Islands.

Review of Literature

1. **Nsubili Isaga (2015)** examined demographic factors that influence the growth of small and medium enterprises in Tanzania. This study is based on primary survey a sample size of 300 small business owners and managers located in selected cities in Tanzania and used multi regression analysis. His research result suggests that workshop, vocational training, industrial and managerial experience and family back ground do influence the growth of Small and micro enterprises. His study suggested that policy measures that promote workshops, role greatly impact in terms of helping to facilitate SMEs growth in Tanzania.
2. **Aworemi, Johua Remi and Abdul Azeez, Ibraheem Adegoke (2010)** investigated the impact of socio-economic characteristics on performance of small-scale enterprises in Osun State of Nigeria. Their study is based on primary survey a sample of 150 respondents from ten small scale industries, the study used of statistical regression model. They found that gender, age and education qualification had significant impact on the performance of small-scale enterprises. This research paper suggested that integrated approach for the development of individual entrepreneurial capacity and promotion of sustainable small-scale enterprises in Nigeria.



3. **Sagire Lucas (2017)** examined the impact of demographic and social factors on performance of business firms in Kenya used of secondary sources of data from MSME 2016 survey by Kenya National Bureau of Statistics in 2016. This study found that education level and age of the firm have a positive effect on performance of business. Further, this study also found that partnership; cooperatives and companies perform better than family-owned firms in Kenya.
4. **Muhammad Amjad Saleem (2012)** investigated the impact of socio-economic factors on the success of small businesses. This study was used primary source of data collected from 60 respondents of owners of MSMEs in Dera Ismail Kahn district of Pakistan. The study found that regression model showed positive and significant impact of entrepreneurial experience, business profile, and culture with business success of the enterprises. His study also indicated that provision of opportunities to develop skill for business enhancement is suggested for future business enterprises.
5. **Robert Mwaniki Momanyi and Willy Muturi and Charles Munene Elijah (2014)** explored the effects of socio-economic factors on the performance of enterprises in Nymira town in Kenya. This study is based on primary source of data were collected from 47 respondents of owners of MSMEs. The owners' social factors affecting on accessing credit facilities due to high interest rate change high collateral required and complicated procedures in loan. This study found that inadequate while starting and working capital, inaccessibility of both financial and credit facilities to expand their business in Kenya.
6. **Emerole Gideon. A (2015)** his research paper examined the factors that affect the family-owned businesses. The factors that had significant impact on the performance were age, education, line of business, year of experience, household size and annual income of owners in Abia state of Nigeria. The result of Pearson's correlation revealed that there is existence of strong positive relationship between annual income and family business operators and the profitability of family-owned business.

Methodology and Research Design

This section of the study gives detailed information relating to the methodology adopted in the research paper. The research design, sources of data, profile of the study area and lastly the appropriate statistical tools that were adopted for analysis.

Research Design

The research design proposed for this research work is based on well-structured schedule for investigating the entrepreneurs' characteristics of the small business in the South Andaman. The respondents were asked to respond for questions of different type's viz. open ended and closed ended questions. The schedule is administrated on the sample units spread across South Andaman district. Sample units were divided into micro and small units.

Source of Data

The primary data is collected by the researcher using an interview schedule from micro and small businesses operating in various parts of South Andaman district. The schedule is designed in such a way to collect necessary information from respondents relating to their demographical characteristics of MSEs in the Islands. The sample selection is based on stratified proportionate random sample method by which responses from 344 small businesses were collected from South Andaman District.

Techniques and Sample Size Design

Sampling means selecting sample from a definite population so that the sample reflects the characteristics of the population. Similarly, in this study also as it is not viable to conduct survey on the entire population i.e., all the small businesses situated in South Andaman district of Andaman & Nicobar Islands. The sample size is determined by using the formula specified by (Yamanim, 1967) for calculating the sample size for a large population. The sample size was determined by the following formula $n = N/1+N(e)^2$, Where; n = sample size, N = Population 2,433, e = standard error (i.e., 0.05). Substituting these values in the formula, we get; N = 344. Hence, the sample size of this study is 344 small businesses which were further stratified based on micro and small businesses.

Profile of the Study Area

Andaman and Nicobar Islands (ANI) is a Union Territory of India that lies in the Bay of Bengal. It consists of three districts, viz., South Andaman district, North & Middle Andaman district and Nicobar district. The capital of the state is Port Blair which is located at South Andaman district. Andaman & Nicobar Islands consists of about 527 islands, both small and large, out of which only 38 Islands are inhabited.

Findings and Discussions

This section of the study presents the information about the demographical characteristics of the respondents like gender, age, religion, caste / community and family size of the respondents i.e. entrepreneurs who are involved in micro and small businesses in Andaman and Nicobar Islands. The summarization of the demographic distribution of the respondents are presented in Table # 1 below.



Table # 1
Classification of respondents based on Demographical factors

Demographic factors	Particulars	Type of Enterprise		Total	χ^2 Values
		Micro	Small		
Gender	Male	147 (62.03%)	90 (37.90%)	237 (68.90%)	12.60 (0.000)
	Female	87 (81.31%)	20 (18.69 %)	107 (31.00%)	
	Total	234 (68.02 %)	110 (31.98 %)	344 (100%)	
Age (Years)	Less than 35 years	57 (74.03%)	20 (25.97%)	77 (22.38%)	9.819 (0.007)
	36 to 50 years	92 (59.35%)	63 (40.65%)	155 (45.06%)	
	Above 50 years	85 (75.89%)	27 (24.10%)	112 (32.56%)	
	Total	234 (68.02 %)	110 (31.98 %)	344 (100%)	
Religion	Hindu	145 (68.40%)	67 (31.60%)	212 (61.63%)	3.088 (0.378)
	Christian	38 (76.00%)	12 (24.00%)	50 (14.53%)	
	Muslim	39 (63.93%)	22 (36.07%)	61 (17.73%)	
	Others	12 (57.14%)	9 (42.86%)	21 (6.10%)	
	Total	234 (68.02 %)	110 (31.98 %)	344 (100%)	
Caste / Community	General	190 (68.59%)	87 (31.41%)	277 (80.52%)	1.57 (0.751)
	OBC	37 (67.27%)	18 (32.73%)	55 (15.99%)	
	ST	7(%) (58.33%)	5(%) (41.67%)	12 (3.49%)	
	Total	234 (68.02 %)	110 (31.98 %)	344 (100%)	
Family size (members)	Less than 3 members	65 (67.01%)	32 (32.99%)	97 (28.20%)	1.64 (0.969)
	4 to 6 members	128 (68.45%)	59 (31.55%)	187 (54.36%)	
	Above 7 members	41 (68.33%)	19 (31.67%)	60 (17.44%)	
	Total	234 (68.02 %)	110 (31.98 %)	344 (100%)	

(Source : Primay data, figures in parenthesis are percentages)

Classification based on Gender of the entrepreneurs

From the Table # 1, it can be observed that 237 (68.90 %) are male respondents out of which 147 (62.03 %) are from micro enterprises and 90 (37.90 %) respondents are from small enterprises. 107 (31.00 %) are female respondents out of which 87 (81.31 %) are from micro enterprises and 20 (18.69 %) respondents are from small enterprises. The result of Chi-square test reveals that there is a significant association ($\chi^2 = 12.60$, $df=1$, $N=344$, p value = 0.000) between gender and the type of enterprises at 5 % of the significant level i.e., there significant relationship between gender and the business activity. It is also found that 237(68.90 %) majority of male respondents entrepreneurs.



Classification based on Age group of entrepreneurs

Age is an important parameter to understand the age group that is predominantly involved in micro, small businesses. The age of the respondents is categorized into three groups viz. less than 35 years, 36 to 50 years and above 50 years. From Table #1 it is observed that 77 (22.38 %) of the respondents are within the age group of less than 35 years, of which 57 (74.03 %) are from micro respondents and 20 (25.97 %) are from small enterprises. Further, 155 (45.06%) respondents are in the age group between 36 to 50 years out of which 92 (59.35 %) are from micro enterprises and 63 (40.65 %) are from small enterprises. In the age group of above 50 years, there are 112 (32.56 %) respondents, of which 85 (75.89 %) are from micro enterprises and 27 (24.10%) are from small enterprises. The Chi-square test result ensures that there is a significant association ($\chi^2 = 9.819$, $df = 2$, $N = 344$, p value = 0.007) between the age group and type of enterprise, at 5% of the significant level. Therefore, it is also found that majority of the respondents are in the age group between 36 to 50 years.

Classification based on Religion of the entrepreneurs

The religion plays significant role in shaping the attitude and behavioural pattern of the people living in a particular region. Thus, there is a need to identify the people of which religion are more involved in entrepreneurship. The religion is segregated as Hindu, Muslim, Christian and others religion. The results of the study found that 212 (61.63 %) are Hindus, among them 145 (68.40 %) are in micro enterprises and 67(31.60 %) are from small enterprises. 50 (14.53 %) respondents are Christians out of which 38 (76.00 %) are from micro enterprises and 12 (24.00 %) are from small enterprises. 61 (17.73 %) respondents are Muslims, of which 39 (63.93 %) are from micro enterprises and 22 (36.07 %) are from small enterprises. 21 (6.10 %) respondents belongs to others religions. The Chi-square test result reveals that there is no significant association ($\chi^2 = 3.08$, $df = 3$, $N = 344$, p value = 0.378) between religion and type of enterprise. Therefore, it is found that majority of respondents are Hindus.

Classification based on Caste and Community of the entrepreneurs

The study intended to know the influence of caste and community in starting new businesses in the study area. For this, information about the religion is collected through three categories such as General, OBC and ST entrepreneurs. It is clearly identified that 277 (80.52 %) respondents are from general community, of which 190 (68.59 %) are from micro enterprises and 87 (31.41 %) respondents are from small enterprises. 55 (15.99 %) respondents are from other backward class, of which 37 (67.27 %) are involved in micro enterprises and 18 (32.73 %) are from small enterprises. 12 respondents are from Scheduled Tribes, out of which 7 (58.33 %) are from micro enterprises and 5 (41.67 %) are from small enterprises. The Chi-square test result clearly revealed that there is no significant association ($\chi^2 = 1.57$, $df = 2$, $N = 344$, p value = 0.751) between the caste / community and type of enterprise. The study found that majority of the respondents are from general category and only 12 respondents are from Scheduled Tribes.

Classification based on family Size of entrepreneurs'

The family size of the respondent is also considered as an important factor for starting new businesses. For this, information on the number family members were collected in three groups viz. less than 3 family members, 4 to 6 members, and 7 and more. The study found that there are 97 (28.20 %) respondents having less than 3 members in their family. This is followed by 187 (54.36 %) respondents having a family size of 4 to 6 and 60 (17.44 %) respondents who have a family size of above 7 members. Further the Chi-square test evidence that there is a no significant association ($\chi^2 = 1.64$, $df = 2$, $N = 344$, p value = 0.969) between the family size and type of enterprise. The results concluded that maximum respondents are having 4 to 6 members in their family.

Conclusion

This research paper last section discuss of conclusion part in that it is identified that majority of the enterprises are running by male entrepreneurs. Only few enterprises are owned by tribes' peoples in South Andaman. The study result showed that there is a significant relationship between gender and the business activity. The result of the study revealed that owner's characteristics influenced the micro and small enterprises in South Andaman. Therefore, it is suggests that Industrial estates are to be set up and developed in Diglipur, Mayabunder, Campbell Bay and other regions of Islands. So, there is required balance development in all the regions of Andaman and Nicobar Islands. Hence, it is recommended that the government policies and supporting institutes have to focus on tribes' peoples and unemployment youths should encourage to setup small enterprises in Islands. The local administration should bring separate MSMEs guidelines policies for Andaman and Nicobar Islands because these islands are totally different from mainland India due to geographical and infrastructural constraints in islands.



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