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Promotion of Units and The Background of Entrepreneur

The Relation with Their Education & Occupation.

ABSTRACT

In this study researcher found, whether there is any relationship between educational background of entrepreneurs and nature of enterprise promoted, occupational background of entrepreneurs and nature of enterprise promoted, and among the educational and occupational background of entrepreneurs and nature of enterprise promoted, when all taken together. Researcher observed and found in most of the cases educational background are not directly linked with the promotion of units. Therefore, it gives low relationship among the three constituent taken together. Even though there is high relationship between the occupational background and nature of units promoted. Study shows experience has more bearing than educational qualification of the entrepreneurs on choice of an industrial area. Entrepreneurs under the study undertook the project in which they have very good work experience, even though they had educational specialization in other industrial areas.

1. INTRODUCTION

The study is restricted to those units which have been promoted by new entrepreneurs as per our definition. The study covered in all 125 public limited companies engaged in manufacturing and incorporated between April, 1, 1995 to March 31st, 2005. Of these 97 companies belong to the joint sector. The study excludes units engaged in servicing, electricity generation, hotels etc. The study is based on the educational background, occupational background of the entrepreneurs and nature of units promoted severally or when the entire three constituent taken together. Primary data have been collected for research through questionnaire which had been sent to the entrepreneurs who promoted units in different areas.

Period of study is limited to 1-4-1995 to 31-3-2005. The analysis

finds the relationship between:

- a) Educational qualification of entrepreneurs and nature of enterprises promoted.
- b) Occupational background of entrepreneurs and nature of enterprises promoted, and
- c) Among the educational qualification, occupational background and nature of enterprises promoted, all taken together.

The study has been made over a period of time ranging from 1994-1995 to 2004-2005.

Table no. 1 shows the direct and indirect relationship between the educational qualifications of the entrepreneurs and the nature of units promoted.

Educational qualification and nature of enterprises were considered directly related if the entrepreneurs

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TABLE NO. 1: RELATIONSHIP BETWEEN EDUCATIONAL BACKGROUND OF ENTREPRENEURS AND NATURE OF ENTERPRISE PROMOTED

Educational Background	1994-95 to 1999-2000				1999-2000 to 2004-2005			
	Total no. of Entrepreneurs	Direct Relationship	Indirect Relationship	No Relationship	Total no. of Entrepreneurs	Direct Relationship	Indirect Relationship	No Relationship
Technical Qualifications								
Ph.Ds.	1	1			4	4		
Post-graduates	2	2			6	6		
Graduates	6	2	4		23	13	10	
Professional Qualifications								
MBA								
CA	1		1		5		5	
LL.B	2			2	2		2	
MBBS	1			1	3			3
Post Graduation in								
Arts								
Science								
Commerce	3			3	5			5
	2		2		3	2	1	
Graduation in								
Arts								
Science								
Commerce	9			9	13			13
	4		4		7	1	6	
Under Graduates	3		3		6		6	
	9			9	5			5
	43	5	14	24	82	26	30	26

Source: Questionnaire and interviews.

possessed either technical qualification in the same line of graduation and post graduation in science relevant for the manufacturing activity entered in to educational qualifications, which did not have clear cut relationship with manufacturing, but otherwise useful in the manufacturing activities such as graduation and post graduation in science, commerce, business administration and technical qualifications from non related branch of engineers and chartered accountancy was considered indirectly related. Rest of the promoters were put under 'no relationship' category, which shows that educational qualifications had no impact on the choice of the enterprise.

Only 12% entrepreneurs were having direct relationship with the nature of enterprises promoted during the year 1995s. All these entrepreneurs possessed technical qualifications in different branches of engineering. About 32% entrepreneurs were having indirect relationship with nature of units promoted which again included technical and professional qualifications substantial numbers.

In majority of the cases (56%), educational qualification had no relationship with the nature of enterprises promoted. During the 2000s about 50% entrepreneurs selected their enterprises, more or less, in the fields of their

specializations. There may be the reasons that are about one-third cases (32%), educational qualifications had “direct” relationship with the nature of enterprises.

In another 36% cases, these two were indirectly related and the remaining 32% cases had no relationship. In this period, two post graduates and one graduate entrepreneur from science disciplines went for the manufacturing of the products in their own areas besides technically qualified persons. Thus it is clear that except technical qualifications, no other branch of education has major impact on the selection of the product for manufacturing.

Most of the entrepreneurs engaged earlier as business executives, consultants, traders or merchants have promoted enterprises in their respective areas of working. In case of others entrepreneurs in respect of service, contracts, law and medical professions occupational experience was not found much relevant in the selection of enterprises. However, there were other factors also

behind the selection of an enterprise where occupational experience was not related with the nature enterprises promoted. For example: persons engaged in agriculture and related activities went for paper and textile units which were based on agricultural products. Likewise entrepreneurs, who in any way connected with state government and SIDCs, got the idea of a particular project from these sources. In case of joint sector projects, it was a choice of the SIDCs for the product and hence entrepreneurs participated sometimes in these projects even, when they had no previous experience.

2. A CASE STUDY

In some other cases where, main promoters had no prior related experience, other promoters in the group helped in the selection of an enterprise. Such entrepreneurs possessed related experience by way of trading consultancy or employment as business executives.

All these entrepreneurs possessed technical qualifications in different branches of engineering.

TABLE NO. 2: RELATIONSHIP BETWEEN OCCUPATIONAL BACKGROUND OF ENTREPRENEURS AND NATURE OF ENTERPRISE PROMOTED

Educational Background	1994-95 to 1999-2000				1999-2000 to 2004-2005			
	Total no. of Entrepreneurs	Direct Relationship	Indirect Relationship	No Relationship	Total no. of Entrepreneurs	Direct Relationship	Indirect Relationship	No Relationship
Government Services:								
Military	2			2	2			2
Civil					3	1		2
Business Executives:								
Professionals	8	4	4		26	20	6	
Engineers/ Consultants	3	3			6	5	1	
Teachers/ Professors	1			1	3	3		
Others	2			2	2		1	1
Business and related activities:								
Traders/ Merchants	18	7	11		25	18	7	
Contractors	2	1		1	8			8
Others	5			5	3	3		
Agriculture and related activities	2			2	4			4
Total	43	15	15	13	82	50	15	17

Source: Questionnaire and interviews

Thus in majority of the cases, entrepreneurs have selected different enterprises more or less depending upon their nature of work handled before such promotion.

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Table no. 2 shows the relationship between occupational background of entrepreneurs and nature of their enterprises.

A relationship has been regarded as direct, if the entrepreneur has entered in to a manufacturing of which he had an experience either as trader or merchant, or as business executives, consultants etc. There exists in direct relationship, if the entrepreneurs were engaged in any kind of trading or if they were working as business executives, consultants in non-related fields (example, a trader or business executive or consultant in the field of chemicals promotes enterprise in the field of iron, steel and metals or paper or machinery and accessories). Rest of the cases like contracting (civil) and real estate businesses, military services, law and medical professions etc., were put under no relationship category.

It can be inferred from the foregoing table that during the 1995s in nearly 35% cases (15 units), occupational backgrounds of entrepreneurs were directly related to the nature of enterprises promoted. These included business executives (4), engineers or consultants(3) traders or merchants(2) and contractors(1), one civil contractor went for the manufacturing of prefabricated building material like sand, cement, bricks etc. In another 35% of the cases these two were indirectly related and the rest of 30% cases had no relationship.

During the 2000s, in most of the cases the background of the entrepreneurs was directly related with the nature of enterprises (61%). There was an indirect relationship in about 18% of the cases and in the case of 21% units; there was no relation between the two. Direct relationship has been seen not only

in trade or business but also in some of the services, professions employment etc. For example, a person from civil service category was handling the cases of engineering industries under the union ministry of commerce and industry and therefore possessed and experience of engineering units from the process of licensing to the production and exports. After about, 15 years experience in his job, he left the service and established and an enterprise of the manufacturing of machinery and accessories. Likewise three professors and research experienced in different technical field, had worked in some going concerns during their studies.

They acquired knowledge about technologies, problems of production and markets of these products (one chemical and two wood products) and established their enterprises in those areas. Thus in majority of the cases, entrepreneurs have selected different enterprises more or less depending upon their nature of work handled before such promotion.

It can also be deduced from the above discussion that against low relationship between educational qualification and the nature of enterprises promoted, there exist better relationship between the occupational background of the entrepreneurs and the nature of enterprises promoted.

It means that occupational experience is an important guiding factor than the educational qualification in the choice of enterprise. After examining the relationship between the educational qualification and nature of the enterprises promoted and occupational background or experienced and nature of enterprises promoted. The researcher analyzed the relationship among the three constituents taken together.

TABLE NO. 3: RELATIONSHIP AMONG EDUCATIONAL AND OCCUPATIONAL BACKGROUND OF ENTREPRENEURS AND NATURE OF ENTERPRISE PROMOTED 1994-95 TO 2004-2005

Nature of Enterprises	Total no. of Entrepreneurs	No. of Entrepreneurs having directly or indirectly related educational and occupational experience	Total no. of Entrepreneurs	No. of Entrepreneurs having directly or indirectly related educational and occupational experience
Chemical& Chem. products	2		12	2
Leather and leather products			5	2
Rubber. Plastics and Glass	2		4	2
Paper and Paper Products	1		14	5
Wood Products	1		4	2
Textiles and Synthetics	8		8	3
Electrical Mach. & appliances	7	4	2	1
Machinery and Accessories	12	4	7	1
Iron, Steel and Metals	6	2	17	12
Miscellaneous	4	1	9	4
	43	11	82	34

Source: Questionnaire and interviews

Table no. 3 shows the relationship among the three constituents considered simultaneously.

During 1995s about 26% entrepreneurs have promoted their enterprises with directly or indirectly related educational qualification and occupational experience in the same field. This relationship was found in the electrical-machinery and appliances, machinery and accessories, iron steel, metals and miscellaneous industries. In the latter period during 2000s more entrepreneurs entered manufacturing activities with related educational and occupational background about 42% entrepreneurs were having related direct or indirect educational qualifications and occupational experience in this period. The table further shows that industry had entrepreneurs with related qualifications and occupational experience but iron steel and metals group of units depended more heavily on such relationship(70%) than other groups and it was minimum in case of machinery and accessories (14%).

The researcher observed that in most of the cases educational qualification are not directly linked with nature of units promoted. Therefore, it gives low relationship among the three constituents taken together even though there is high relationship between the occupational background of entrepreneurs and nature of enterprises promoted. Thus the study shows that most of the units promoted are not based on the educational qualification and occupational experience taken together. Rather entrepreneurs have gone in most of the cases either for industries in which they had some related education or such relationship was noted because of the participation of a substantial no of technically and professionally qualified entrepreneurs who had also experiences as business executives, engineers or consultant, traders or merchant etc.

3. CONCLUSION

The researcher can say that the nature of enterprises promoted is more linked with occupational experience than

the educational qualification of the entrepreneurs it shows, that experience has more bearing than the education qualification on the choice of an industry. Entrepreneurs under study preferred those industries in which they had working experience, even though they possessed academic specialization in other industrial areas. It may be due to the practical experience in the areas of production, marketing, technology, raw materials etc. of a particular product which provides

· confidence in the manufacturing of such
· products at their own. Educational
· qualification provides only theoretical
· knowledge of particular line, which may
· not be useful, even in carrying on
· manufacturing of the same type of
· products. It is also found that educational
· qualification, occupational experience and
· nature of units promoted are directly or
· indirectly related, only occasionally, and
· not in general.
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