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ENTREPRENEURIAL ENVIRONMENTS IN THE BUSINESS CITY OF SIVAKASI

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Abstract:-Business cities are contributed well to the economic growth of concentrated geography as well in the nation's development. Fostering entrepreneurship is a primary goal of any nation in the 21st century to bear with the financial problems that it encountering. Business cities are one of the ways to foster entrepreneurship and region development to any type of nation. The environment factors are key in developing entrepreneurship in most of the region. It played major role to build entrepreneurial intentions. This study was carried in the business city of Sivakasi, where three major industries viz fire crackers, match manufacturing, and printing are carried its businesses for than 90 years. The aim of the study is to measure the contribution of entrepreneurial environment into the entrepreneurs of above mentioned industries.

Keywords:Fostering Entrepreneurship, Entrepreneurial Environment, Business City, Sivakasi.

INTRODUCTION

India exhibits low international orientations and the entrepreneurial intentions are low when compared to western countries, though India has plenty of young population and land. Entrepreneurship has been 'embedded with Indian peoples and is a part of its tradition since ancient times. T.N. Srinivasan has quoted 'India has been an entrepreneurial society...we had the entrepreneurial skill but suppressed it for too long a time... and now it is thriving. To foster entrepreneurship across the nation, India needs to build business cities as many possible in its entire boundary. In addition existing business cities environments has to scrutinize thoroughly to frame policies and to develop new business city. Further the government of India (GOI) and the Indian societies has to create a favorable environment to the entrepreneurship.

¹ Entrepreneurial environments are defined as factors which are critical in developing entrepreneurship in certain regions (Gnyawali & Fogel, 1994). Cities like Silicon Valley San Francisco, New York are rated high index score and most preferable cities for entrepreneurship because of its entrepreneurial environment. In addition Dr.Porter described environments are the key determinants which motives and build road to success of any business cities. In Indian business cities, there are different kinds of environments and spillovers are occurred in various forms. Its impact is highly remarkable and contributed strength/weakness to the cities. Thus we need to study each and every business cities existing environments to tune it bigger.

HISTORY OF SIVAKASI

Sivakasi is a town in Virudhunagar District in the Indian state of Tamil Nadu. The town is known for firecrackers and match factories that produce 70% of the country's produce. The printing industries in Sivakasi produce 30% of the total diaries produced in India. The industries in Sivakasi employ over 25,000 people and the estimated turnover of the firecracker, match making and printing industries in the town is around INR20 billion (US\$310 million). The major issues in the town are the frequent accidents in the firecracker factories and the high

level of child labour.

Table 1 – Industrial Profile of Sivakasi (Little Japan of India)

Name of the industry	No of units	Direct/Indirect Employment
Match Industry	3500	30,000
Fire Works Industry	450	40,000
Printing Industries	450	50,000

FIRE CRACKERS INDUSTRIES

There are nearly 450 fireworks factories giving direct employment, to about 40,000 workers and about 1 lakhs indirect such as paper tube making, Wire cutting, Box making sale distribution in the country side. The market for fire works is likely to grow at the rate of 10% per annum. The annual output is over 50,000 tones, and turn over (at factory cost) around Rs.350 crores according to industrial sources. State Government collected about 40 million rupees by way of sale tax from fireworks alone

Name of the industry	No of units	Direct/Indirect Employment
Match Industry	3500	30,000
Fire Works Industry	450	40,000
Printing Industries	450	50,000

MATCHES INDUSTRIES

Now Sivakasi meet about 55 to 60% of India’s requirement of safety matches. The market is estimated to grow at an average of 10% of per annum. Nearly 55% of workers are employed in the match sector. About 3500 Match works are situated in Sivakasi and Sattur. They are started with a modest capital of Rs.25,000/- and are generally managed by women including house wives as men were involved in selling the products. Around 30,000 persons are directly employed.

PRINTING INDUSTRY

Sivakasi is India’s printing hub. 60% of India’s offset printing solutions is produced in Sivakasi. Sivakasi houses largest number of printing machines in the world next only to Guthenburg in Germany. All kinds of printing jobs are undertaken in Sivakasi including security jobs like printing bank Cheque books, flight tickets and lottery tickets. Most of the leading presses are exporting children's books, notebooks, magazines, greeting cards, calendars, trade labels and cartons throughout the world. More than 50,000 workers are engaged in printing and allied industries. The town has a school of printing technology. The printing industry in Sivakasi is worth about 1000 crores. The market for printing is growing at the rate of 10% per annum.

LITERATURE REVIEW

This chapter discusses the entrepreneurial environments based on the framework of Devi R. Gnyawali, Daniel S. Fogel (1994). Those entrepreneurial environments can be grouped into five broad categories: government policies and procedures, socioeconomic conditions, entrepreneurial and business skills, financial assistance, and non-financial assistance (Gnyawali & Fogel, 1994). Table 2.1 shows the sub-categories of five entrepreneurial environments.

I. Government Policies and Procedures

Government policy can influence the market frame and create entrepreneurship friendly culture that promotes people to take risks and start their own businesses (Gnyawali & Fogel, 1994). However, entrepreneurs will be discouraged from building a new firm if they have to keep up with excessive numbers of rules and procedures (Fogel, 2001). Further, government is depicted as a barrier to the entrepreneurial activities (Kouriloff, 2000). In the research of environmental factors affecting entrepreneurial activities of Maori entrepreneurs of New Zealand, Zapalska, Dabb, and Perry (2003) showed that government policies and procedures such as restrictions on imports and exports, entry barriers, and procedural requirements for registration and licensing produce much more negative effects than positive effects on entrepreneurship.

II Socioeconomic Conditions

People's perception on the entrepreneurial intention and action can be affected by attitudes toward entrepreneurs from family, friends, and community around them (Mokry, 1988). One research shows that external pressure and role models for entrepreneurship can not only lead people to start their own businesses but also change the venture creating processes in early and later stages of the new business (Davidsson, Hunter, & Klofsten, 2006). Another research suggests an empirical evidence that a positive personal network coupled with strong entrepreneurial self-efficacy increases the likelihood of intention and action for entrepreneurship (Sequeira, Mueller, & McGee, 2007). Generally, a positive attitude of the society toward entrepreneurship and a public support program for entrepreneurial action will motivate people to start their own businesses (Gnyawali & Fogel, 1994).

Table 2 A Framework For Entrepreneurial Environments (Gnyawali & Fogel, 1994)

Government Policies and Procedures	Financial Assistance
Import and export policies are favourable to the industry.	Venture capital
It is easy to entrant into the business	Alternative sources of financing
Procedural requirements for registration and licensing are not difficulty	Low-cost loans
Rules and regulations for the entrepreneurs are ethical.	Willingness of financial institutions to finance small entrepreneurs
Laws are protecting the proprietary rights	Credit guarantee program for start-up enterprises
	Competition among financial institutions
Socio economic Conditions	Non-Financial Assistance
Public attitude toward entrepreneurship are good	Counseling and support services Entrepreneurial networks Incubator facilities
Presence of experienced entrepreneurs (Role models) is inspiring me to achieve more.	Government procurement programs for small businesses
Recognition to the entrepreneurial performance are high in my society.	Government support for research and development
Proportion of small firms m the population of firms	Tax incentives and exemptions
Diversity of economic activities	Local and international information networks
Extent of economic growth	Modern transport and communication facilities
Entrepreneurial and Business Skills	
Technical and vocational education is available to increase the skills	
Entrepreneurial training programs	
Technical and vocational training programs	
Availability of information	

III Entrepreneurial and Business Skills

If prospective entrepreneurs are well trained with entrepreneurial and business skills, they may not be discouraged whenever they meet a challenging task in their business start-up process (Gnyawali & Fogel, 1994). Davidsson (1991) revealed that an entrepreneur's ability to start and operate a business is highly correlated with business related experience and education. Therefore, the training program which delivers entrepreneurial skills is important for an emerging small business and its success (Ladzani & Van Vuuren, 2002). Training programs for prospective entrepreneurs are greatly needed in developing countries with limited sources, non-supportive government policy, and high barriers by dominant large firms (Gnyawali & Fogel, 1994).

IV Financial Support to Businesses

In general, entrepreneurs need financial support for at least one of three purposes: to diversify the start-up risk, to get start-up capital, and to expand the business (Gnyawali & Fogel, 1994). However, financial support not always foster the most promising start-up firms (Amit, Glosten, & Muller, 1990), and in some cases, new venture creation require other activities from investors such as due diligence and post investment participation rather than just financial support (Wiltbank, 2005). Nevertheless, still for most start-up ventures, financing is one of the most critical factors not only for venture creation but also for venture success in later stage. A research also shows that with different cultures and institutional environments between countries, venture capital industries are also shaped in different manners, including different financial support types (Bruton & Ahlstrom, 2003).

V Non-financial Support to Businesses

Entrepreneurs need systematic non-financial support along with financial assistance (Gnyawali & Fogel, 1994). One of the non-financial support systems can be an entrepreneurship incubator. The incubator generally provides positive environments to the early-stage ventures by offering rental office space, shared office services, and business counseling assistance at very low costs (Allen & Rahman, 1985). A good incubator has proved to provide a great survival rate, a positive impact on the perception of entrepreneurship, and a structural way to financial markets (Aernoudt, 2004).

OBJECTIVES

To know the prevailing entrepreneurial environment in the business city of Sivakasi.
To study the contribution of environmental factors into the industry's success

RESEARCH METHODOLOGY

This study was carried to understand the prevailing entrepreneurial environments in the business city of Sivakasi. The city Sivakasi is specialised with three major industries viz Matches, Fireworks and Printing industries. And the population is more than 4500 business units with close to 6000 entrepreneurs in all the industries. For this study convenient sampling was adopted and 450 entrepreneurs were approached with the structured questionnaire based on the framework of Gnyawali & Fogel, 1994.

RESULTS & DISCUSSION

Prevailing Entrepreneurial Environments

Entrepreneurial Environmental factors were deliberately discussed with the entrepreneurs of Sivakasi. After that they have go through the administrated questionnaire to know the prevailing environments to their businesses. Entrepreneurs of all the industries invariably agree with all the five factors are prevailing in the businesses city and they described these invisible factors influences the entrepreneurship highly. The table 3 below exhibits the results for the entrepreneurial environments importance for the entrepreneurship in the geography of Sivakasi.

Table 3 Prevailing Entrepreneurial Environments

S.No	Environmental Factors	Mean	SD	N
1	Government policies and procedures (5 items)	3.1202	.59122	450
2	Socioeconomic conditions (6 items)	3.1503	.62127	450
3	Entrepreneurial and business skills (5 items)	3.2548	.56631	450
4	Financial assistance (5 items)	3.2025	.59441	450
5	Non-financial assistance (7 items)	3.2548	.61529	450

From the table we can get a clear picture of prevailing environment in the business city of Sivakasi. Among the five environmental factors government policies & procedures (3.1202) and socio economic conditions (3.1503) are rated least two by the entrepreneurs of Sivakasi. Though this factors influence the entrepreneurship in Sivakasi, it has the least mean value compared to others. Why because, after a series of accidents in the fire industries, government imposed rigid laws to the units of fire crackers manufacturing houses. Now the growth of business is fully depends on the policies and guidelines of government. In the city all the three industries are interlinked, Negative growth of one or more industry will affect the growth of other industries. Hence, the socio economic conditions was little worst compare to their past times. Further the Entrepreneurs of Sivakasi rated financial assistance (3.2025), entrepreneurial skills (3.2548 and non financial assistance (3.2548) as the top three factors which is prevailing in the business city.

CONCLUSION

We have shown in this study about the prevailing entrepreneurial environments and the belief of extent in which it contributed to the entrepreneurship in the city of Sivakasi. This study identified all the five environmental factors are key to the business and to foster entrepreneurship in that region. And the entrepreneurs conceived the government policies and procedures are predominant factors to a sustainable entrepreneurship in any city. On the

other hand this study revealed, entrepreneurial and business skills are key to form a business city and the rest factors will assist to a competitive/sustainable advantage to the business city. Through this study we urge government and non government organizations to build strategies to enhance the entrepreneurial environments volume higher in all the business city to foster entrepreneurship.

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