

Elements Influencing the Small Business

Aiyappa P L and Dr Rampilla Mahesh

Department of Management and Commerce, Amrita School of Arts and Sciences, Mysuru
Amrita Vishwa Vidyapeetham, India

Article Info

Volume 83

Page Number: 6785 - 6791

Publication Issue:

March - April 2020

Article History

Article Received: 24 July 2019

Revised: 12 September 2019

Accepted: 15 February 2020

Publication: 05 April 2020

Abstract:

Developing economies like India provides ample employment opportunities to their citizens. The authorities have ready to improve employability skills among individuals based on their knowledge, skills and traits etc. Besides help from the government, which voluntary initiates, encourages and recognise individuals ' entrepreneurship skills. Under the leadership of the Prime Minister Narendra Modi, the ruling union government has launched the start-up program with the goal of increasing job opportunities by setting up their own business. Human resources are considered as India's strongest asset, which no other country has. People who have entrepreneurial aspirants will strongly supported by the government of India. Though the Government supports the entrepreneurs, few hindrances are trying to pull down the interest of entrepreneurs but there are lot many positive factors dominating them and influencing entrepreneurs to start up business. Researcher made an attempt to experience the significant factors, which influence the small business units in Tier 2 city

Keywords: *Entrepreneurs, small business units, traits.*

I. INTRODUCTION

Enterprise growth is a dynamic process that is neither linearly continuous nor dependent on a small number of factors only. Although there are numerous variables that can affect a business ' growth potential, entrepreneurs need to pay special attention to certain areas such as financial, human, and social resource availability. Technical and management skills are important in the competitive business climate, training and workforce development are possible. Without a splash of imagination and appreciation of opportunity, companies can not thrive. The driving force of the few decades in contemporary economy, and the future, is entrepreneurship. Entrepreneurs have been meeting our economic needs through the formation of thousands of new businesses every year. Although large companies began comprehensive projects, job creation and economic development were the domain of the new enterprise, and they were created by the entrepreneurs.

Government and non-governmental organizations through Banks have come forward to assist the

entrepreneurs to start small and Medium Enterprises (SMEs). However, the small-scale units established in these estates are getting sick despite all the facilities provided by the Government. Although expatriate capital is used to develop large-scale industries, SMEs need to have a domestic entrepreneurial and industrial base. Low capital spending on capital goods and lack of labour division in production keeps these undertakings low.

II. OBJECTIVES

1. To identify the major factors influencing the SME business.
2. To resolve that solutions to overcome the problems of such influencing factor in SME business.

III. LITERATURE REVIEW:

Azurinsani (2018) conducted a study on the topic " Factors affecting small medium enterprises(SMEs) decision to go international" this study expected an outcome to analyse the three factors influencing external internal and networking. The most influential effects on SMEs internationalization, this

study was conducted among SMEs service companies. The study concluded that external factors are the most influencing factors that contribute to SMEs decision to internationalization.

AleksandeaJaneska (2015) an attempt to research the "Factors influencing small business development: the case of a developing country that has undergone transformation" this research helps to recognize and highlight the important factors that can stimulate small business development in a specific economic and cultural context of the developing economy. It explores multiple linear regressions in order to evaluate the relation between the dependent variables and six independent variables. This study described the diverse visions regarding the impact of the external environment on development. It concluded that small business growth in developed countries varies by 43 percent.

Mouricendege (2015) made a study on the topic "factors that affect the growth and development of small, micro and medium sized business enterprises in the vaal triangle region of Gauteng province in south Africa" the study aimed at finding out factors influencing viability of small and medium sized enterprises, The securing of loans, training opportunities and entrepreneurial skills are primarily three factors that affect the profitability of small and medium-sized businesses.

ShenbagaVadivu (2014) stated that the most significant driving factors for entrepreneurs are academic qualifications, business form, marital status and style of organization, source of funds, family size, age and business preference, lack of sufficient educational history and/or educational institutions. Entrepreneurial skill of a person the relative levels of return to entrepreneurship. Researchers have found out that the negative effects of socio-economic changes and technology are the driving forces of economic growth and development.

Zvirbule&Vilka (2012) said that the success of economic growth is underpinned by social indicators. Socio-economic factors, i.e. demographic patterns, population size, population growth rate, age structure, life expectancy, family size, spatial

dispersal, occupational status, changes in jobs, ethical concerns and social sensitivity for business, Although small and medium-sized enterprises face initial developmental problems, they are expected to take a leading role in economic reconstruction as they include alternative approaches to problem-solving, thinking, operating and risk-taking.

Aswathappa K (2009) found that influences exerted by factors such as the attitude of people towards work and income, the role of family, marriage, religion and education; ethical concerns, corporate social sensitivity and the social and cultural climate are highly important to a business unit. Because the company generates the range of products, the type of workers the company receives and its duty to society depends on the cultural climate served by the company.

SvanteAndersson (2009) published a report on "financial activities in small businesses, analyzing factors influencing the internalization and development of small business exports." Study was conducted in high exports in Australia; the study concluded that rapid technical developments in telecommunications and technology as well as market reform have contributed to fierce international competence.

Fredric Kropp and Roxanne Zolin (2005),conducted a report on "Technological Entrepreneurship and Small Business Innovation Research Programmes" aimed at studying high-tech start-ups and product creation firms, also known as product entrepreneurs, playing a major role in the production and selling of technologies around the world. A greater understanding of their role in the process of helping technology entrepreneurs create and sell technology will enable policymakers in other countries to build initiatives that will assist technology entrepreneurship growth.

Nancy M. Levenburg (2008) studied on "Entrepreneurial inclination among India's youth; the influence of culture education and climate" attempted to decide whether an individual country will differ over time in its entrepreneurial behaviour in terms of political and economic situation.

Nevertheless, the study concluded that entrepreneurial attitudes tend to respond easily to economic and political conditions, so it suggests issues of culture, but there was a less precedent for entrepreneurship and is a nuanced and dynamically evolving factor instead.

D. Groenewald (2007) studied on “A certified study of the impact of start-up factors in small businesses and entrepreneurship in South Africa” this proposed that current small business owners and entrepreneurs would create their own website to assess businesses and become a critical choice for starting and growing new businesses. Structure precisely as they switch to a new firm level from the start-up level.

K.Nirushan (2017) conducted a study on "factor factors affecting the performance of small and medium-sized enterprises" with the goal of identifying key factors that influence performance / failure of minute businesses and increasing awareness of how people can start up and run their businesses by looking at factors influencing businesses that can help Reduce the chance of incident and raise probabilities for victory. The study showed specially employment, management and capital, financial base, and socio economy were the most significant factors influencing business performance. Findings from this study are valuable for the country's businessmen and policy makers.

Karthryn Watson (1998) Report on' Small business start-ups: success factor and help implications; the report aims to assess the effect of 'push' and 'pull' factors on start-up decision-making; this study conducted a sample survey of 166 respondents and concluded the activities of owners play a significant role.

Noelle Doss (1999) Attempted to conduct research on the factors affecting the start-up of small businesses with the goal of resolving the image of demographic influences on the start-up of small businesses. Using multivariate techniques to evaluate the results, it's defined as having negative effects on the development of small businesses, and comparison with past studies is made.

Ronald. A. Manning (1993) conducted a research on "empirical analysis of the perceived cause of small business failure" at Law State University, based on the results of a report investigating the perceived source of small enterprise failure clothing and accessory retail market. Identifying certain factors perceived as leading small company failures clothing and the required areas.

Poul. L. Reynolds (2001) Conducted a study on "moving towards management strategies to help small firms, track and regulate main marketing parameters; survival aid" in the United Kingdom to explore the development of quantitative methods to help small firms to manage their operations more effectively. A fairly easy yet robust technique has been found to help the traditional small to medium-sized enterprise handle and interpret key performance data.

Michael Colin Cant (2016) conducted a study on "Key factors affecting pricing strategies for small business enterprises SMEs" The main purpose of the research was every profit-seeking company to make a profit and to achieve this aim all areas related to inventory production, costs and pricing need to be properly handled.The study found that SMEs generally accept that competitive knowledge and macro-environmental variables such as fuel prices and inflation are affected by price setting.

IV. RESEARCH METHODOLOGY

The survey was conducted among various small-enterprises in mysore, Karnataka (India), 50 units they were picked according to random sampling, and approached with standardized questionnaire. Factor analysis mainly used for evaluation.

Factor Analysis

Check by KMO and Bartlett

Kaiser-Meyer-Olkin Measurement.	Sampling Adequacy	.464
Bartlett's Test of Sphericity	of Approx. Chi-Square	54.329
	Df	28
	Sig.	002

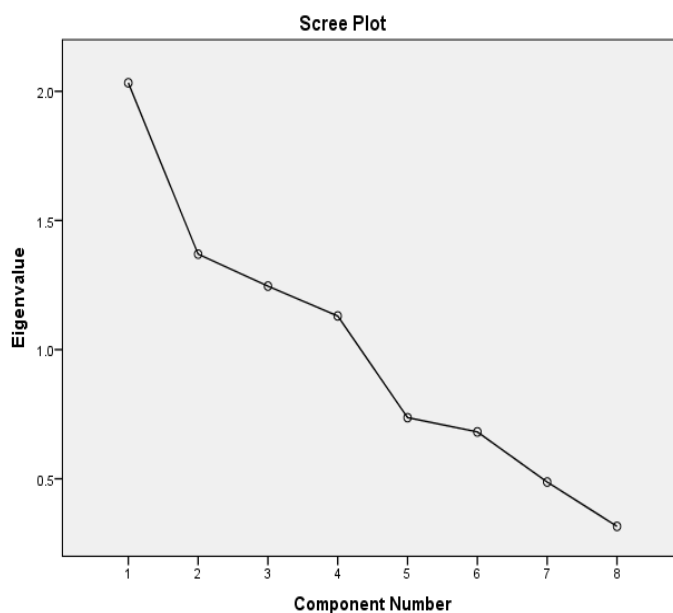
KMO and Bartlett's test is seen that the KMO measures

of sampling adequacy value are 0.464, which means the sampling adequacy is acceptable but not effective.

Communalities

	Initial	Extraction
Education qualification influencing to do business	1.000	644
Community relation support	1.000	793
Family background influencing you to start business	1.000	659
Creativity of entrepreneurs is significant for start ups	1.000	726
Influencing tax reforms	1.000	777
Support from RBI policies	1.000	676
Trade practice influence the business	1.000	784
Does new technology influence	1.000	719

Extraction Method: Principal Component Analysis.



The above plots indicates that eigen value into graph in eigen values and those are above the value 1. Other screen plot, in screen plot it is seen that 4 factors got 1 variables are under 1.

Component Matrix^a

	Component			
	1	2	3	4
Education qualification influencing to do business	-.738	-.223	.222	-.009
Community relation support	-.587	-.087	.265	.609
Family background influencing you to start business	.336	-.446	.561	-.182
Creativity of entrepreneurs is significant for start ups	.487	-.321	.553	.283
Influencing tax reforms	.190	.751	.305	-.289
Support from RBI policies	-.300	.587	.224	.436
Trade practice influence the business	.734	.260	.113	.407
Does new technology influence	.357	-.186	-.592	.454

Method of extraction: Primary component analysis.

a. 4 mechanism extract.

Rotation of the formation of factors has considerably categorized items, in specific factors there are 4 factors and variables to be very highly charged. Suppressing

loading less than 0.4 and ordering variables by loading size also enables understanding.

Component	Eigen values			Extraction Sums of Squared Loadings		
	Initial Total	% of Variance	of Cumulative %	Total	% of Variance	Cumulative %
1	2.033	25.411	25.411	2.033	25.411	25.411
2	1.370	17.121	42.532	1.370	17.121	42.532
3	1.246	15.574	58.106	1.246	15.574	58.106
4	1.130	14.127	72.233	1.130	14.127	72.233
5	.737	9.209	81.442			
6	.681	8.517	89.959			
7	.487	6.093	96.052			
8	.316	3.948	100.000			

Extraction Method: Principal Component Analysis.

The eigen values associated with each factors represent the variance explained by that particular linear component and SPSS also displays the eigen values in terms of percentage of variance explained. The component 1 explains 25.411% of total variance. It should be clear that the first few factors explain relatively large amounts of variance. Whereas subsequent factor explain only small amount of variance. Factor 1 has considerably more variance, the meaning 3 mention the percentage (25.411 to 14.127).

V. FINDINGS AND RESULTS

In terms of gender, age, educational qualification, previous job experience, ethnicity, ownership pattern-legal status, business-type occupational categories, family composition and family size, the socio-economic factors of SMEs have been analysed.

Testing by KMO and Bartlett's test shows that the sampling adequacy importance of KMO measures is 0.464, which resources the aim of the sampling adequacy is appropriate but not efficient.

Thirty-five variables and communities after separation are greater than 0.7, we can see from the population table that the total number of variables is eight and the average value after extraction is about 0.7.

This clearly shows that most successful businessmen are male members. Therefore it may be inferred that male businessmen still control the industrial estates.

VI. CONCLUSION

The study aims to identify the generally important Factors affecting the performance of SMEs in the mysore market, and main determinants of the market success of SMEs in mysore are financial base, customer experience, social and economics, management and capital, and education. In addition to this study, KMO and Bartlett's test is seen that the KMO measures of sampling adequacy value are 0.464. However ,Factor analysis variables found to have contributed significantly to dependent results and relevant variables are the return of respondents ' academic qualifications, previous respondents ' experiences, respondents ' religion and the respondents ' family size.

VII. REFERENCES

1. Azurinsani,Zahariahmohd Zani “ Factors affecting small medium enterprises(SMEs) decision to go internantional” ASEAN Entrepreneurship Journal, volume 4, no 2, (1st October 2018), pp.156-57.
2. AleksandeaJaneska-Iliev and StojanDebarlieva an effort to study the “Factors affecting growth of small business: the case of a developing country

- having experienced transition” European Scientific Journal, volume 11, No28, 2015.
3. Mouricendege “factors that affect the growth and development of small ,micro and medium sized business enterprises in the vaal triangle region of Gauteng province in south Africa” European Journal of Business, Economics and Accountancy, volume 3, No 3, 2015.
 4. ShenbagaVadivu&Devipriya “socio economic factors influencing entrepreneurship development: An Empharical study across the small and medium enterprises of Chennai”Students Research in Technology &Managemet ,Volume 2, No 3, 2014, pp 89-94.
 5. Zvirbule&Vilka, “Impact of changing socio economic environment on business in India” Research in Business Studies and Management, volume 2, No 14, 2012, pp.21-28.
 6. Aswathappa K, “Performance and Challenges facing Small Scale Industry in India” Singaporean Journal Scientific Research, volume.2, No. 2, 2009, pp.104-109.
 7. Svante Andersson, Jonas Gabrielsson, “International activities in small firms: the examine factors influencing the Internationalization and export growth of small firms” Canadian Journal of Administrative science, vol.21, No.01, (8th April 2009), pp.22-34.
 8. Fredric Kropp and Roxanne Zolin, “technological entrepreneurship and small business innovation research programs” (2005), Academy of Marketing Science, volume.05, No.7.
 9. Nancy M Levenburg, Thomas V Schwarz, “Entrepreneurial Orientation among the youth of India: The Impact of culture, education and environment” The Journal of entrepreneurship, 17th January 2008, vol.17, No.1, pp.15-35.
 10. D Groenewald and JJ Van Vuuren, “ The critical influence of start up factors in small business and Entrepreneurial ventures in South Africa” ActaCommercil, volume.19, No.2, 2007, pp.269-280.
 11. K.Nirushan and PayagalageAyanthiMadumali, “An Empirical Study on Factors Affecting Success of Small and Medium Enterprises with Special Reference To Elpitiya DS Division” Social Science Research Network, volume 03, No 7,2017.
 12. Kathryn Watson, Sandar Hogarth-scot, Nicholas Wilson, “A study on small Business Start up’s : factors and support implications” International Journal of Entrepreneurial Behaviour and research, volume 4, No 3, (December 1st 1998), pp.217-238.
 13. Ronald. A Manning,Gaskill, Luann Nickets, Van auken, Howard E, “A Factor Analytic Study of the Perceived Causes of Small Business Failure.”(October 1993). Journal of Small Business Management, vol. 31, No. 4.
 14. Mazzarol, Tim, Voler T and Doss Noelle, “Factor influencing new business start ups: A comparison with Previous research” International Journal of Entrepreneurial Behaviour and AMP Research, volume 5, No.2, 1st January 1999.
 15. Paul L Reynolds, John Day and Geoff Lancaster, “Moving towards a control technique to help small firms monitor and control key marketing parameters: a Survival aid” Management decision, volume 39, No.7, 2001, pp.113-120.
 16. Michael Colin Cant and jan wild, “Key factors affecting pricing strategies for small business enterprises SMEs”, journal of applied business, volume 32 No 6, November 2nd 2016, pp.258-267.
 17. Meeradevi, M., Nancy Das, and P. Maria doss. "Performance of ICT on small and medium enterprises in Cuddalore district." international journal of business management & research (ijbmr) 10.1 (2020): 53–58
 18. Halahleh, Mamoun Khalaf. "The economic role of small and medium enterprises in the reduction of unemployment and inflation in the kingdom of Saudi arabia."International journal of business management & research (ijbmr) 4.3 (2014): 105-110
 19. Onwurafor, E. U., and I. A. Enwelu. "Rural Women Entrepreneurship in Agro-Food Processing in Enugu State Nigeria." International Journal of Research Natural and Social Sciences(IMPACT : IJRANSS) 1.2 (2013): 13-30
 20. Mrabet, Abir, and AbderrazekEllouze. "Entrepreneurship and economic growth: meta-analysis." International Journal of Research in Humanities, Arts and Literature (IMPACT: IJRHAL) 2.5 (2014): 57-72.

21. SHARMA, EKTA. "Generation gap in family business: Comparison of entrepreneurial traits of first and second generation entrepreneurs." *International Journal of Humanities, Arts, Medicine and Sciences (BEST: IJHAMS)* 1.2 (2013): 7-14.
22. Manshani, Sapna, and Anjna Dubey. "Startup Women in Startup India: A Study of Women Entrepreneurs in India." *International Journal of Business Management (IJBGM)* 6.4 (2017): 91-100.
23. Khatoun, N. U. Z. H. A. T. H. "The impact of emotional intelligence on the growth of entrepreneurship." *International Journal of Business Management & Research (IJBMR)* 3.3 (2013): 1-8
24. Thavaraj, Samuel. "Entrepreneurship among students—A two group discriminant model." *International Journal of Business Management & Research (IJBMR)* 2.4 (2012): 53-58.