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Marketing Problems of Small Scale Entrepreneurs

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ABSTRACT: Lack of standardisation, poor quality, poor designing, competition, ignorance of potential markets, lack of contact with wider markets and absence of knowledge of techniques of marketing are also main constraints in the small – scale industrial units. Often small entrepreneurs are dependent on intermediaries who have a monopoly over the markets. this study analysed the Marketing problems faced by entrepreneurs in developing small scale industries. The government should take periodical marketing awareness programme to the entrepreneurs to eradicate the product failure and industrial sickness. The entrepreneurs should be prepared to attend seminar and trade fairs which will enable them to obtain the marketing assistance and to overcome the entrepreneurial problems. Modern marketing techniques should be developed.

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I. INTRODUCTION

Marketing is perhaps the most neglected and less explored problem for SSI units. Most of them do not have any well formulated marketing strategy, market research programmes, innovative advertisement techniques etc. Most of the SSI units do not have adequate monetary support to develop marketing section and many are not aware of modern low-cost marketing techniques (blogging, sending mails, developing website for the company).

II. SCOPE OF THE STUDY

This study aims at analyse the Marketing problems faced by the entrepreneurs of small scale industries in the district. This study also aims at helping the government in formulating appropriate policy to promote small scale industries. The study covers both manufacturing and service enterprises of Small Scale Sector (SSS) in all the five taluks of Krishnagiri District, Tamil Nadu. The study mainly focuses on major marketing problems faced by the small scale entrepreneurs.

III. STATEMENT OF THE PROBLEM

Lack of standardisation, poor quality, poor designing, competition, ignorance of potential markets, lack of contact with wider markets and absence of knowledge of techniques of marketing are also main constraints in the small – scale industrial units. Often small entrepreneurs are dependent on intermediaries who have a monopoly over the markets. They do not have the resources to advertise and to have their direct contracts with the customers who are limited.

IV. OBJECTIVES OF THE STUDY

The following objectives are framed:

1. To describes the socio economic profile of the respondent.
2. To analyse the Marketing problems faced by entrepreneurs in developing SSIs of the district.

V. RESEARCH METHODOLOGY

5.1 Nature of the Study: The aim of this study is to analyse the Marketing problems faced by entrepreneurs in developing small scale industries. Hence, the research design applied for this study is descriptive and analytical in nature.

5.2 Select Variables: In this study 22 independent and dependent variables are selected for the present study namely gender, age, birth place of the respondents, marital status, fathers' occupation, mothers' occupation, entrepreneurial generation, educational qualification, sources of technical/craft skills, sources of administrative skills, previous occupation, religion, community, sources of motivation, business experience, main activity, HOSTIA membership, TANSTIA membership, location of industry, seminar attended, trade fair attended and Involvement/working of family members.

5.3 Nature of the Data: The primary data were collected from entrepreneurs of small scale industries relating to manufacturing and service units in all five taluks of the Krishnagiri district.

5.4 Data collection Instrument: The questions in the interview schedule were designed pertaining to the statement of the problem and objectives of the study. The variables identified from review of literature were taken into account while drafting the interview schedule. The opinion from a panel of members comprising experts in the field of rural industries, entrepreneurship, management, statistics, psychology, economics and commerce were sought at every stage of designing the final interview schedule.

5.5 Reliability Test for Data Collection Instrument: To measure the reliability of the instrument Cronbach alpha test was applied. The Cronbach alpha test and split – half test were applied to ensure the consistency of the data collection instrument. **Split - Half Test:** Split-half method of reliability test reflects the correlation between two halves of an instrument. The alpha value for part I and part II of the randomly selected responses are more than 0.6. The correlation between part I and Part II is also significant. This means that there is an internal consistency among the data.

5.6 Sampling Procedure: In the Krishnagiri District there were 735 SSI units were registered in that the researcher has collected data from 349 samples on the basis William G. Cochran's formula. The small scale entrepreneurs in five taluks of Krishnagiri district. The sample respondents from District Industries Centre (DIC), Krishnagiri were selected by adopting multistage random sampling process.

5.7 Hypotheses: There is no significant association between socio-economic variable and marketing problems.

5.8 Statistical Tools Used: The statistical tools are Chi-Square Analysis, Cluster Analysis, Discriminant analysis, Correlation and Multiple Regression and Factor Analysis are used for the present study.

5.9 Profile of the Study Area: For this study the researcher has chosen Krishnagiri District. The district profile is concern it has two Revenue Divisions namely Krishnagiri and Hosur, five taluks namely Krishnagiri, Uthangarai, Pochampalli, Hosur and Denkanikottai and 10 blocks namely Krishnagiri, Kaveripattinam, Uthangarai, Mathur, Pochampalli, Bhargur, Hosur, Thally, Vepanapalli, and Kelamangalam.

VI. REVIEW OF LITERATURE

Subrahmanya Bala (2011) study shows that share of SSI export in total export has increased in protection period but remain more or less stagnated during the liberalization period. However, the correlation co-efficient in liberalization period is higher than that of protection period suggesting that the relationship between the total export and SSI export has become stronger in liberalization period. This may be due to the drastic change in composition of SSI export items from traditional to non-traditional and growth in its contribution to total export through trading houses, export houses and subcontracting relation with large enterprises. Thus, the current policy of increasing competitiveness through infusion of improved technology, finance, and marketing techniques should be emphasized.

VII. POTENTIAL LIMITATIONS OF THE STUDY

1. The study is restricted to Krishnagiri district of Tamil Nadu only.
2. The study is confined to small scale industries only. As per MSME Micro and medium industries were not covered in the present study.
3. The independent variables included in the study are restricted to select variables only.

VIII. ANALYSIS AND INTERPRETATIONS

8.1 SOCIO ECONOMIC PROFILE

8.1.1 Gender – Wise Classification of the Respondents: The gender wise classification of the sample respondents is given in the following table.

Table – 3: Gender – Wise Classification of the Respondents

Gender	Frequency	Percent
Male	333	95.4
Female	16	4.6
Total	349	100.0

[Source: Primary data]

The table 3 reveals that out of 349 respondents, 333 respondents are male and only 16 are female which means 95.4 percent of the respondents are male and only 4.6 percent of the respondents are female. It is observed that majority of the respondents are male respondents.

8.1.2 Age-wise Classification of the Respondents: The age wise classification of the sample respondents is represented in the following table.

Table – 4: Age Wise Classification of the Respondents

Age Group	Frequency	Percent
21-30 years	2	0.6
31-40 years	76	21.8
41-50 years	151	43.3
51-60 years	104	29.8
Above 60 years	16	4.6
Total	349	100.0

[Source: Primary data]

Table 4 shows that the respondents whose age ranges between 41-50 years form the majority with 43.3 percent of the sample. About 104 respondents are from the age group of 51-60 years, 16 respondents from the age group of above 60 years and 2 respondents from the age group of 21-30 years. It is noted that majority of the respondents that is 94.8 percent are from the age group of 31-60 years.

8.1.3 Birth Place of the Respondents: The following table presents the birth place with three classifications namely rural, urban and semi urban of the sample respondents.

Table 5: Birth Place of the Respondents

Birth Place	Frequency	Percent
Rural	165	47.3
Urban	121	34.7
Semi urban	63	18.1
Total	349	100.0

[Source: Primary data]

The table 5 divulges that 165 respondents are from rural area, 121 respondents are from urban areas and only 63 respondents are from semi urban areas. It is noted that 47.3 percent of the respondents belong to the rural areas, 34.7 percent of the respondents belong to the urban areas and only 18.1 percent of the respondents belong to semi-urban areas.

8.1.4 Marital Status of the Respondents: The following table represents the marital status of the sample respondents.

Table 6: Marital Status of the Respondents

Marital Status	Frequency	Percent
Single	18	5.2
Married	331	94.8
Total	349	100.0

[Source: Primary data]

The table 6 shows that out of 349 respondents, 331 respondents are married and only 18 respondents are unmarried which means 94.8 percent of the respondents are married and only 5.2 percent of the respondents are unmarried.

8.1.5 Fathers' Occupation of the Respondents : The following table presents fathers' occupation with three classifications namely salaried class, business class and retired class.

Table 7: Fathers' Occupation of the Respondents

Fathers' Occupation	Frequency	Percent
Salaried	55	15.8
Business	153	43.8
Retired	45	12.9
Profession	96	27.5
Total	349	100.0

[Source: Primary data]

Out of 349 respondents, 153 respondents are sons of business doing fathers, 55 respondents are sons of salaried fathers and only 45 respondents are sons of retired fathers. It is noted that majority of the respondents (43.8%) are from business families.

8.1.6 Mothers' Occupation of the Respondents: Mothers' occupation of the respondents with three classifications namely salaried, doing business and home maker is given in the following table.

Table 8: Mothers' Occupation of the Respondents

Mothers' Occupation	Frequency	Percent
Salaried	7	2.0
Doing business	52	14.9
Home maker	290	83.1
Total	349	100.0

[Source: Primary data]

The table 8 reveals that out of 349, 290 respondents are sons of home making mothers, 52 respondents are sons of salaried mother. It means that majority of the respondents' (83.1%) mothers are home makers. It is observed that mothers' occupation is not influencing the respondents for starting up and running the small scale business.

8.1.7 Entrepreneurial Generation of the Respondents: Entrepreneurial generation of the respondents is given in the following table.

Table 9: Entrepreneurial Generation of the Respondents

Entrepreneurial Generation	Frequency	Percent
First Generation	325	93.1
Second Generation	24	6.9
Total	349	100.0

[Source: Primary data]

The table 9 reveals that out of 349, 325 respondents are first generation entrepreneurs and only 24 respondents are second generation entrepreneurs. Hence, 93.1 percent of the entrepreneurs are first generation entrepreneurs and only 6.9 percent of the entrepreneurs are second generation entrepreneurs.

8.1.8 Educational Qualification of the Respondents: Educational qualification with five classifications of the respondents is given below.

Table 10: Educational Qualification of the Respondents

Educational Qualification	Frequency	Percent
ITI	24	6.9
Diploma	104	29.8
B.E	39	11.2
M.E	12	3.4
Others	170	48.7
Total	349	100.0

[Source: Primary data]

Table 10 reveals that out of 349, 104 (29.8%) respondents have obtained Diploma, 39 (11.2%) respondents have obtained B.E degree, only 12 (3.4%) persons have obtained M.E degree and only 24 (6.9%) respondents have started their small business with ITI Qualification. Around 170 (48.7%) respondents have not obtained strong technical qualification. It is observed that 51.3 percent of the respondents have obtained technical qualifications.

8.1.9 Sources of Technical and Craft Skills : The following table shows the three different sources of technical / craft skills of the respondents.

Table 11: Sources of Technical and Craft Skills

Sources of Skills	Frequency	Percent
Technical Institute	98	28.1
Former Job	211	60.5
Family tradition	40	11.5
Total	349	100.0

[Source: Primary data]

The table 11 reveals that out of 349, 211 (60.5%) respondents have gained technical and craft skills from previous jobs, 98 (28.1%) respondents have gained from technical institutes and only 40 (11.5%)

respondents are trained through family / traditional profession. Hence, majority of the respondents (60.5%) have obtained the necessary skills from previous jobs.

8.1.10 Sources of Administrative Skills: The following table shows the five different sources of administrative skills of the respondents.

Table 12: Sources of Administrative Skills

Skills	Frequency	Percent
Training Institute	85	24.4
Former Job	224	64.2
Family tradition	28	8.0
Relatives &Friends	1	0.3
Self Study/ On the job	11	3.2
Total	349	100.0

[Source: Primary data]

Out of 349, 224 (64.2%) respondents have gained through previous job(s), 85 (24.4%) respondents have obtained through training institute, 28 (8%) respondents have gained through family/traditional business, and 11(3.2%) respondents have gained from relatives and friends. It is observed that majority of the respondents (64.2%) have gained the necessary skills related to administration from previous jobs.

8.1.11 Previous Occupation of the Respondents: Previous occupation of the respondents with five classifications is given in the following table.

Table 13: Previous Occupation of the Respondents

Previous Occupation	Frequency	Percent
Employed	240	68.8
Business	41	11.7
Retired	1	0.3
Profession	27	7.7
Others	40	11.5
Total	349	100.0

[Source: Primary data]

The table 13 shows that 240 (68.8%) respondents belong to 'employed' category, 41(11.7%) respondents belong to 'business' category and 40 (11.5%) respondents belong to 'others'. Only 27 (7.7%) respondents belong 'profession' category and only one respondent belong to 'retired' category. It is noted that majority of the respondents (68.8%) belong to 'employed' category.

8.1.12 Religion of the Respondents: Religion of the respondents with four classifications is presented in the following table.

Table 14: Religion of the Respondents

Religion	Frequency	Percent
Hinduism	319	91.4
Islam	9	2.6
Christianity	9	2.6
Others	12	3.4
Total	349	100.0

[Source: Primary data]

The table 14 reveals that 319 (91.4%) respondents belong to Hinduism, 9 (2.6%) respondents belong to each Islam and Christianity and 12 (3.4%) respondents belong to other religions. It is noted that 91.4 percent of the respondents belong to Hindu religion.

8.1.13 Community of the Respondents: Community of the respondents is given in the following table.

Table 15: Community of the Respondents

Community	Frequency	Percent
SC	52	14.9
ST	15	4.3
MBC	67	19.2
BC	182	52.1
General	33	9.5
Total	349	100.0

[Source: Primary data]

The table 15 reveals that 182 (52.1%) respondents are from backward community, 67 (19.2) respondents are from most backward community, 52 (14.9%) respondents are from scheduled caste community and 33 (9.5%) respondents are from general category and only 15 (4.3%) respondents are from scheduled tribes out of the 349. It is observed that majority of the respondents (52.1%) belong to backward community.

8.1.14 Sources of Motivation to Become an Entrepreneur: Sources of motivation to become an entrepreneur are presented in the following table.

Table 16: Sources of Motivation to become an Entrepreneur

Sources	Frequency	Percent
Father	40	11.5
Friends	36	10.3
Circumstance	51	14.6
Own Initiatives	220	63.0
Relatives	2	0.6
Total	349	100.0

[Source: Primary data]

Out of 349, 220 (63.0%) respondents have started small business on the basis of their own initiatives, 51(14.6%) respondents are motivated by circumstances, 40 (11.5%) respondents were motivated by fathers, 36 (10.3%) respondents were motivated by friends and only 2 respondents were induced by relatives. It is observed that majority of the respondents (63%) have become entrepreneurs on the basis of their own initiatives.

8.1.15 Business Experience of the Respondents: The following table presents the four classification of entrepreneurs' business experience.

Table 17: Business Experience of the Respondents

Business Experience	Frequency	Percent
Less than 1 year	7	2.0
1-3 years	8	2.3
3-5 years	21	6.0
Above 5 years	313	89.7
Total	349	100.0

[Source: Primary data]

The table 17 exhibits that out of 349, 313 (89.7%) respondents have gained above 5 years of experience, 21 (6%) respondents have gained 3-5 years of experience, 8 (2.3%) respondents have earned 1-3 years of experience and only 7 respondents have gained less than 1 year of experience. Hence, majority of the respondents (89.7%) have gained more than 5 years of experience.

8.1.16 Main Activity of the Respondents: The main activity, either manufacturing or services of the respondents is presented in the following table.

Table 18: Main Activity of the Respondents

Activity	Frequency	Percent
Manufacturing	292	83.7
Services	57	16.3
Total	349	100.0

[Source: Primary data]

The table 18 shows that out of 349, 292 (83.7%) respondents are engaged in manufacturing activities and only 57 (16.3%) respondents are engaged in service activities. It is noted that 83.7 percent of the respondents are engaged in manufacturing activities.

8.1.17 HOSTIA Membership (Hosur Small and Tiny Industrial Association): The following table consists of the membership of HOSTIA.

Table 19: HOSTIA Membership

HOSTIA Membership	Frequency	Percent
Yes	183	52.4
No	166	47.6
Total	349	100.0

[Source: Primary data]

The table 19 reveals that out of 349, 183 respondents have not obtained membership of HOSTIA which means 52.4 percent of the respondents are members and 47.6 percent of the respondents are non members of HOSTIA.

8.1.18 TANSTIA Membership (Tamil Nadu Small and Tiny Industrial Association): The following table presents the membership of TANSTIA.

Table 20: TANSTIA Membership
(Tamil Nadu Small and Tiny Industrial Association)

Membership	Frequency	Percent
Yes	56	16.0
No	293	84.0
Total	349	100.0

[Source: Primary data]

The table 20 reveals that out of 349 respondents, 293 respondents have not obtained membership and only 56 respondents have got membership of TANSTIA which means only 16 percent of respondents are members of TANSTIA.

8.1.19 Location of the Industries: The following table consists of the location of industries which are situated in SIPCOT, Private Industrial Estates, SIDCOs and other areas.

Table 21: Location of the Industries

Location	Frequency	Percent
SIPCOT	16	4.6
Private Industrial Park	60	17.2
SIDCO	74	21.2
Others	199	57.0
Total	349	100.0

[Source: Primary data]

The table 21 shows that out of 349, 199 (57%) respondents have established their units other than in SIPCOT, Private Industrial Parks and SIDCO, 74 (21.27%) industries are located in SIDCO, 60 (17.2%) industries are located in private industrial parks, and only 16 (4.6%) industries are situated in SIPCOT. It is observed that majority of the respondents (57%) have started in other areas.

8.1.20 Seminar Attended: Seminar attended by the entrepreneurs is presented in the following table.

Table 22: Seminar Attended

Seminar Attended	Frequency	Percent
Yes	133	38.1
No	216	61.9
Total	349	100.0

[Source: Primary data]

The table 22 reveals that out of 349, 133 (38.1%) respondents have attended seminar and 216 (61.9%) respondents have not attended seminar to enhance their skills and knowledge for developing their small scale

business. It is noted that majority of the respondents (67%) have not attended seminar for developing their business.

8.1.21 Trade Fair Attended: Trade fair attended by the entrepreneurs is presented in the following table.

Table 23: Trade Fair Attended

Trade Fair	Frequency	Percent
Yes	115	33.0
No	234	67.0
Total	349	100.0

[Source: Primary data]

The table 23 shows that out of 349, 234 (67%) respondents have not attended trade fair and only 115 (33%) respondents have attended trade fairs. It is observed that only 33 percent respondents have attended national and international level trade fairs.

8.1.22 Family Members Involvement / Working in their Business: The following table presents the involvement of family members in their business.

Table 24: Family Members Involvement/Working in their Business

Family Members Involvement	Frequency	Percent
Yes	155	44.4
No	194	55.6
Total	349	100.0

[Source: Primary data]

The table 24 exhibits that out of 349, 194 (55.6%) respondents' family members are not involved and 155 (44.4%) respondents' family members are involved in their business. It means that majority of the respondents' family members (55.6%) are not involved in their business.

8.2 Chi-square Test for Marketing Problems: Chi-square values for socio-economic variables are given below.

Table 25
Chi-Square Value for Socio-Economic Variables and Marketing Problems

S.No	Socio-Economic Variables	Chi-Square Value	Significant Value	Significant or Not
1.	Gender	42.498	0.000	Significant
2.	Age	1.043E2	0.000	Significant
3.	Birth Place of the Respondents	25.955	0.000	Significant
4.	Marital Status	6.509	0.039	Significant
5.	Fathers' Occupation	37.268	0.000	Significant
6.	Mothers' Occupation	23.929	0.000	Significant
7.	Entrepreneurial Generation	3.762	0.152	Not Significant
8.	Educational Qualification	24.087	0.002	Significant
9.	Sources of Technical/ Craft Skills	29.452	0.000	Significant
10.	Sources of Administrative Skills	50.472	0.000	Significant
11.	Previous Occupation	48.643	0.000	Significant
12.	Religion	65.368	0.000	Significant
13.	Community	43.684	0.000	Significant
14.	Sources of Motivation	94.739	0.000	Significant
15.	Business Experience	55.864	0.000	Significant
16.	Main Activity	15.644	0.000	Significant
17.	Members of HOSTIA	26.829	0.000	Significant
18.	Members of TANSTIA	1.886	0.000	Not Significant
19.	Location of Industry	22.111	0.001	Significant
20.	Seminar Attended	7.706	0.021	Significant
21.	Trade Fair Attended	31.619	0.000	Significant
22.	Involvement of Family Members	13.861	0.001	Significant

From the above table it is observed that only two socio-economic variable such as entrepreneurial generation and TANSTIA membership do not have significant association with marketing problems. The remaining 20 socio economic variables have significant association with marketing problems.

8.3 Identifying the Factors Related To Entrepreneurial Problems with Factor Analysis

The factor analysis tries to identify and define the underlying dimensions or factors in the original variables. Here 9 variables in marketing are identified to study the entrepreneurial problems of the small scale entrepreneurs. The variables are stated in the form of statements to collect opinion from the small entrepreneurs. They were asked to give their opinion for all statements related to marketing problems in the Likert Five Point Scale with the alternate options namely strongly disagree, disagree, neither agree nor disagree, agree and strongly agree. Initially, the correlation among these variables was calculated. Usually a correlation value of 0.3 is considered sufficient to explain the relation between variables. If the correlations between variables are small, it is not likely that they share common factors. A closer examination of the correlation matrix may reveal what are the variables which do not have any relationship. Therefore, all the variables have been retained for further analysis. Further, two Test were applied to the resultant correlation matrix to test whether the relationship among variables is significant or not.

The Kaiser – Meyer – Olkin test is based on the correlations and partial correlations of the variables. If the test value of KMO measure is closer to one, it is good to use factor analysis. If the KMO measure is closer to zero, the factor analysis is not a good idea for the variables and data. The values of test statistics are each 0.827 for marketing problems.

Table 26: KMO and Bartlett's test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.827
Bartlett's Test of Sphericity	Approx. Chi-Square	1.760E3
	df	36
	Sig.	0.000

[Source: Primary data]

Another test namely Bartlett's test of sphericity is used to test whether the correlation matrix is an identity matrix i.e., all the diagonal terms in the matrix are one and the off-diagonal terms in the matrix are zero. In short, the correlation between all the variables is zero. The test value is 1.760 for marketing problems. The significant values for all the problems are 0.000. Hence, there exists significant relationship among the variables. The next step in the process is to decide about the number of factors to be derived. The rule of thumb is applied to choose the number of factors for which "Eigen values" with greater than unity is taken by using principal component analysis (PCA) method. The component matrix so formed is further rotated orthogonally using varimax rotation algorithm. All the statements related to marketing problems are loaded into two factors. As far as the The results so obtained have been given in the tables separately along with factor loading.

Table 27: Factors and Total Variance

	Initial Eigen values		Extraction Sums of Squared Loadings		Rotation Sums of Squared Loadings	
Component	% of Variance	Cumulative %	% of Variance	Cumulative %	% of Variance	Cumulative %
1	54.149	54.149	54.149	54.149	38.419	38.419
2	12.235	66.384	12.235	66.384	27.965	66.384
3	9.534	75.918				
4	6.923	82.841				
5	4.854	87.695				
6	4.318	92.014				
7	3.503	95.517				
8	2.675	98.192				
9	1.808	100.000				
Extraction Method: Principal Component Analysis.						

[Source: Primary data]

Among the two factors pertaining to marketing problem which account for 38.4 percent of variances are the prima criteria considered to study the entrepreneurial problems of small scale entrepreneurs. The following table gives the factor matrix where principal component analysis extracted two factors pertaining to marketing problem.

Table 28: Component Matrix

	Component	
	1	2
Lack of roads, railways, banks and communication facilities	0.830	
Ignorance of potential markets	0.822	
Lack of trained marketing personnel	0.800	
Non-availability of local market	0.794	
Competition from similar and substitute products	0.749	-0.437

High cost of marketing	0.740	0.501
Poor designing, differentiation and quality of products	0.672	
Lack of marketing knowledge	0.642	-0.477
Difficulty in identifying foreign business opportunities	0.516	0.622

[Source: Primary data]

Since the factor loading (coefficients) indicates how much weight is assigned to each factor, factors with large coefficients for a variable are closely related to that variable. Nine variables related to marketing problem in the data are reduced to two factor is identified with the corresponding variable as given below

Table 29: Grouping of Factors

Factors	Statements		Value
Factor 1 (Lack of facilitating Services)	1.	Competition from similar and substitute products	0.860
	2.	Lack of marketing knowledge	0.799
	3.	Lack of roads, railways, banks and communication facilities	0.687
	4.	Lack of trained marketing personnel	0.639
	5.	Ignorance of potential markets	0.635
	6.	Poor designing, differentiation and quality of products	0.635
Factor 2 (Lack of Market Opportunities)	1	High cost for marketing	0.849
	2	Difficulty in identifying foreign business opportunities	0.808
	3	Non availability of local market	0.574

[Source: Primary data]

Factor scores are obtained for each factor pertaining to problems of marketing by adding the ratings given for each statement. If the score is high the level of the factor related to the problems of small scale entrepreneurs will be high on the respondent.

8.4 Segmentation of problems of small entrepreneurs using Cluster Analysis

The problems of small scale entrepreneurs can be classified into three categories based on choice criteria. They are classified into three segments because the difference between the coefficients is significant only on three cases on the hierarchical cluster. For the purpose of classification of entrepreneurs k-means cluster is used.

Table 30: Final Cluster Centres

Marketing Problems	Cluster		
	1	2	3
Lack of Facilitating Services	4.21	3.74	4.80
Lack of Marketing Opportunities	4.04	3.71	4.91
Average	4.13	3.73	4.86
Rank	II	III	I

[Source: Primary data]

The final cluster centres table reveals the mean values for the three clusters which reflect the attributes of each cluster. The mean values for each factor pertaining to different problems are given below. The high mean value of lack of facilitating services and lack of mark opportunities are 4.80 and 4.91 respectively. The rank of the clusters on each factor is also given in the table 30. The average score of the first cluster is 4.13 with first rank. The average score of the second cluster is 3.73 and third cluster is 4.86. This means that third cluster people have high problems, first cluster people have medium problems and second cluster people have low problems. It is noted that third cluster respondents have high problems on both factors, first cluster respondents have medium problems on both factors and second cluster people have low problems on both factors of marketing problems.

Table 31: ANOVA

	Cluster		Error			
	Mean Square	df	Mean Square	df	F	Sig.
Lack of Facilitating Services	21.675	2	0.065	346	333.403	0.000
Lack of Marketing Opportunities	31.889	2	0.047	346	683.002	0.000

[Source: Primary data]

The ANOVA table indicates that the difference existing among the three clusters in the mean value is significantly different. The cluster mean square, error mean square and F-value of lack of facilitating services (Factor-1) are 21.675, 0.065 and 333.403 respectively. In the case of factor 2 namely lack of marketing opportunities, the cluster mean square, error mean square and F-value are 31.889, 0.047 and 683.002

respectively. The significant value for both the criteria is 0.000. Hence both the factors have significant contribution on dividing respondents into three segments.

Table 32: Number of Cases in each Cluster

Cluster	1	197	56.40%	Medium
	2	66	18.90%	Low
	3	86	24.60%	High
Valid		349		
Missing		0		

[Source: Primary data]

Out of the 349, 86 respondents (24.6%) have high problems, 197 respondents (56.4%) have medium problems and only 66 respondents (18.9%) have low problems. It is observed that majority of the respondents (56.4%) have medium level of marketing problems.

8.5 Discriminant Analysis for cross validity

In order to study whether the indentified cluster are genuine and each cluster significantly differs from other, reliability of the cluster classification and its stability across the samples have to be verified. Several authors have recommended the use of discriminant analysis for cross validation (Field and Schoenfeidt 1975: Rogers and Linden 1973).

Table 33: Test of Equality of Group Means

	Wilks' Lambda	F	df1	df2	Sig.
Lack of Facilitating Services	0.342	333.403	2	346	0.000
Lack of Marketing Opportunities	0.202	683.002	2	346	0.000

[Source: Primary data]

Table 33 pertains to Wilks' lambda, the F statistics, its degree of freedom and level of significance. Wilks' lambda, is the ratio of the within groups sum of squares to the total sum of squares. The F statistics is a ratio between- groups variability to the within - group variability. Wilks' Lambda for the marketing problems ranges from 0.202 to 0.342. The small value of Wilks' lambda indicates that there is a strong group difference among mean values of two factors. The significant value is 0.000 for both factors which indicates that the group differences are significant.

Table 34: Eigen Values

Function	**Eigen value**	**% of Variance**	**Cumulative %**	**Canonical Correlation**
1	7.102[a]	99.2	99.2	0.936
2	0.056[a]	0.8	100.0	0.230

[Source: Primary data]

The Eigen values is the ratio between – groups of squares to the within- groups sum of squares. The highest Eigen value corresponds to the maximum spread of the groups' means. The small Eigen value accounts for very little of the total dispersion. The Eigen value for the function 1 is 7.102 and for the function 2 is 0.056. The canonical correlation measures the association between two functions and two factors. The co-efficient of canonical correlation is very high for both the functions. The co-efficient of function 1 is 0.936 and function 2 is 0.230. Hence there exists high relation between two factors and two functions.

Table 35: Structure Matrix

	Function	
	1	2
Lack of Facilitating Services	0.743*	-0.669
Lack of Marketing Opportunities	0.515	0.857*

[Source: Primary data]

The structure matrix helps to study the usefulness of each variable in the discriminant function. An asterisk indicates the largest absolute correlation with one of the canonical functions for each factor. The factor 1 (Lack of facilitating services) has strong correlation with function 1 and factor 2 (Lack of marketing opportunities) has the strongest correlation with function 2. Hence, two functions may be Z1 = 0.743* (Lack of facilitating services) and Z2 = 0.857*. These two functions are significant functions which will explain the marketing problems of small entrepreneurs.

The problems of small entrepreneurs are segmented into three categories as high, medium and low entrepreneurial problems. It means there are three categories in each criterion. The study of canonical discriminant function will be useful to segment the entrepreneurs and their different levels of entrepreneurial problems.

8.6 Correlation between Socio-Economic Factors and Marketing Problems

Correlation between the factors relating to socio-economic profile of the respondents and the factors relating to entrepreneurial problems which are related to marketing problems given in the following table.

Table 36: Correlation – Marketing Problems

S.No.	Socio-Economic Variable	Pearson Correlation	Sig. (2tailed)
1.	Gender	0.066	0.215
2.	Birth Place of the Respondents	-0.124	0.021
3.	Marital Status	0.096	0.072
4.	Fathers' Occupation	0.219**	0.000
5.	Mothers' Occupation	0.008	0.885
6.	Entrepreneurial Generation	-0.086	0.111
7.	Sources of Technical/ Craft Skills	0.014	0.790
8.	Sources of Management / Administrative Skills	-0.247	0.000
9.	Previous Occupation	-0.136*	0.011
10.	Religion	0.102	0.058
11.	Community	0.086	0.108
12.	Sources of Motivation	0.004	0.936
13.	Main Activity	-0.210**	0.000
14.	Members of HOSTIA	0.237**	0.000
15.	Members of TANSTIA	0.030	0.582
16.	Location of Industry	0.128*	0.017
17.	Seminar Attended	0.124*	0.021
18.	Trade fair Attended	-0.294	0.000
19.	Involvement / Working of Family Members	-0.187**	0.000

[Source: Primary data]

* Correlation is significant at the 0.05 level (2-tailed) ** Correlation is significant at the 0.01 level (2-tailed)

The table 36 reveals that 10 socio-economic variables namely gender, birth place, mothers' occupation, entrepreneurial generation, sources of technical skills, sources of administrative skills, religion, community, main activity and location of industry are negatively correlated with financial problems. Similarly seven socio-economic variables such as birth place, entrepreneurial generation, sources of administrative skills, previous occupation, main activity, knowledge of trade fair and involvement of family members are negatively correlated with marketing problems. The highest correlations are found between HOSTIA membership and marketing problems (0.237).

8.9 Regression Analysis for Marketing Problems

Multiple regression analysis represents a logical extension of two variable regression analysis. Instead of a single independent variable, multi independent variables are used to estimate the values of a dependent variable (Marketing Problems).

Table 37: Descriptive Statistics

Problems	Mean	Std. Deviation
Marketing Problems	1.68	0.844
Poor designing, differentiation and quality of products	4.39	0.559
Competition from similar and substitute products	4.32	0.561
Lack of marketing knowledge	4.21	0.515
Ignorance of potential markets	4.14	0.628
Lack of roads, railways, banks and communication facilities	4.3	0.545
Lack of trained marketing personnel	4.24	0.534
Non availability of local market	4.27	0.498
High cost for marketing	4.13	0.643
Difficulty in identifying foreign business opportunities	4.17	0.607

[Source: Primary data]

The descriptive statistics table 37 presents the mean value and standard deviation for all the 9 independent variables. The mean value and standard deviation of the dependent variables are 1.68 and 0.844 respectively. The mean value of the independent variables range between 4.13 and 4.39.

Table 38: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Marketing Problems	0.798	0.636	0.626	0.516

[Source: Primary data]

The model summary table 38 shows the r value, r^2 value, adjusted r^2 value and standard error of the estimate. R is the correlation and R square is degree of determination. The degree of determination shows the extent to which independent variables influence the entrepreneurial problems of SSI. Correlation (R) value is 0.798 and R^2 value is 0.636. Hence the marketing problem is determined to an extent of 63.6% by the independent variables.

Table 39: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
Marketing Problems	Regression	157.537	9	17.504	65.816	0.000
	Residual	90.159	339	0.266		
	Total	247.696	348			

[Source: Primary data]

The ANNOVA table 39 shows that the significant value is less than 0.01, which means dependent variable (Entrepreneurial problems) is significantly predicted by independent variables at 99% of confidence level. Significant value for all the four problems is 0.000. The F values for financial, marketing, production and HR problems are 232.110, 65.816, 183.639 and 150.299 respectively.

Table 40: Co-efficient

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	-3.984	0.316		-12.608	0.000
1	Poor designing, differentiation and quality of products	0.347	0.069	0.230	4.990	0.000
2	Competition from similar and substitute products	-0.483	0.080	-0.321	-6.044	0.000
3	Lack of marketing knowledge	-0.120	0.070	-0.073	-1.703	0.089
4	Ignorance of potential markets	-0.425	0.071	-0.316	-6.008	0.000
5	Lack of roads, railways, banks and communication facilities	0.223	0.082	0.144	2.723	0.007
6	Lack of trained marketing personnel	0.641	0.096	0.406	6.673	0.000
7	Non availability of local market	0.807	0.093	0.476	8.714	0.000
8	High cost of marketing	0.099	0.072	0.076	1.385	0.167
9	Difficulty in identifying foreign business opportunities	0.231	0.060	0.166	3.875	0.000

[Source: Primary data]

The co-efficient table 40 shows the regression co-efficient which can be used to write the regression equation. The multiple regression equation describes the average relationship between these variables and this relationship is used to predict or control the dependent variables. Out of 9 independent variables, 7 variables have significant effect on marketing problem. Therefore, Marketing Problem = -3.984 + 0.347 (Poor design & quality) – 0.483 (competition) - 0.425 (Ignorance of potential markets) + 0.223 (Lack of facilitating services) + 0.641 (Lack of trained marketing personal) + 0.807 (non availability of local market) + 0.231 (Difficulty in identifying foreign opportunities).

IX. FINDINGS

Factor Analysis found that 9 statements related to entrepreneurial problems are reduced to two factors. In **Cluster Analysis** 56.4 percent of the respondents have faced medium problems, 24.6 percent of the respondents have faced high problems and only 18.9 percent of the respondents have faced low marketing problems and it's found from **Discriminant Analysis** the identified clusters are genuine and each cluster in different entrepreneurial problems significantly differs from other. It is observed that there is high relation between the functions and factors. From **Chi-Square test** it is found that there is a significant association between socio-economic variables and marketing problems. **Correlation Analysis** found the highest correlations between HOSTIA membership and marketing assistance (0.237). It is also noted that there is a low level relationship between socio-economic factors and marketing problems. In **Regression Analysis** Out of the 9 independent variables, 7 variables have significant effect on marketing problem. Therefore, Marketing Problem = -3.984 + 0.347 (Poor design & quality) – 0.483 (competition) - 0.425 (Ignorance of potential

markets) + 0.223 (Lack of facilitating services) + 0.641 (Lack of trained marketing personal) + 0.807 (non availability of local market) + 0.231 (Difficulty in identifying foreign opportunities).

X. SUGGESTIONS

Export/Import development finance is also not sufficient. The Government should provide adequate financial assistance for procuring machineries and equipment on lease and hire purchase basis and to develop export and import business promptly. The Government should conduct a market survey from time to time to identify the domestic and overseas market opportunities. The Government also should provide E-trading assistance and teleshopping assistance to overcome the marketing communication problems. Existing trade fair facility should be strengthened. The District Industrial Centre (DIC) should arrange required marketing awareness programme to the entrepreneurs to eradicate the product failure and industrial sickness. Entrepreneurs should attend adequate number of seminars and trade fairs for gaining sufficient knowledge to overcome the problems relating to marketing.

XI. CONCLUSION

The central and state government should concentrate mainly to extend its timely required marketing assistance to develop the SSI units. They should be properly motivated by the government. The entrepreneurs should be prepared to attend seminar and trade fairs which will enable them to obtain the marketing assistance and to overcome the entrepreneurial problems.

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