A Study on Impact of Dimensions of Applied Knowledge on Successful Entrepreneurship

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Abstract
Micro, Small and Medium Enterprise (MSME) sector is the growth engine of Indian economy. It has received due attention of policy makers of the country due to its share in national exports, employment and GDP. In manufacturing sector, MSMEs constitute 95 per cent of the total industrial units. Hence enhancing the competitiveness of this sector has become the priority of the Government of India. Micro, small or medium business owners are generally first time entrepreneurs with very little capital or without capital, need not only technical, marketing and managerial support but also require the much needed seed capital to start the business. Many MSME units also need additional capital for technology up gradation, capacity expansion growth, and marketing and for imports and exports. This research is an empirical study undertaken in Tamilnadu state of India and aims to identify the factors that influence the impact of dimensions of applied knowledge on successful entrepreneurship.
Keywords: MSME, Applied Knowledge, Entrepreneurship

Introduction

Micro, Small and Medium Enterprises (MSMEs) sector plays a vital role in the overall development of any country. It is important to note that in addition to helping catalyze the growth of the economy, MSMEs lays the platform of growth to large local and international value chains as well as local consumer markets such as suppliers, manufacturers, contractors, distributors, retailers and service providers. They account for a large share of industrial units and contribute significantly to employment in the country. Growing at the rate of 11.5 percent a year, the MSME sector performs better than the overall Gross Domestic Product (GDP) and industrial output. MSMEs also create great employment opportunities. The major advantage of the sector is its employment potential at low capital cost. Indian cities have been experiencing the burden of a consistently growing population, comprising an ever-increasing proportion of migrants in search of employment and livelihood. The infrastructure in the cities is stretched to saturation and policy makers are seeking solutions to mitigate issues arising from migrant population growth. Rural MSMEs and those based outside of the large cities, offer a viable alternative for employment to local labour, hence presenting an opportunity for people to participate in productive, non-farm activities, without having to migrate to urban areas.

Review of Literature

Prof. Vasanth Kiran et al. (2012) in their article "Innovative marketing strategies for micro, small and medium enterprises," conclude that while SMEs are evolving, networks of SMEs will become essential for addressing the systemic problems that underlie industrial ecology, enterprise resilience and global supply chain sustainability.

Michelle Adams et al. (2013) in their article, "Knowledge transfer for sustainable innovation: a model for academic-industry interaction to improve resource efficiency within SME manufacturers" mention that recent trends call for a transition to a global economy that operates within the carrying capacity of the natural environment. Because of their centrality to economic activity, this transition must include small and medium-sized enterprises (SMEs) and higher education institutions (HEIs) can play a more active role in supporting SMEs to address this transition through the provision of timely and appropriate information. Priya D Gupta et al (2013) in their article "Firm growth and determinants" point out that though there are many studies on the stages of an enterprise growth, the study on growth pattern of an enterprise influenced by the internal and external environmental factors is limited, thereby a need arising to develop a conceptual framework to study the growth of MSMEs as influenced by the various environmental factors. Ghani E et al. (2014) in their article "Spatial determinants of entrepreneurship in India" analyze the spatial determinants of entrepreneurship in India in the manufacturing and service sectors. They conclude that among general district traits, the quality of the physical infrastructure and workforce education are the strongest predictors of entry, with labour laws and household banking access also playing important roles; also, regional conditions in India play a stronger relative role for the spatial patterns of entrepreneurship compared with incumbent industry locations. R.Vettriselvan et al. (2014) in their article, "Human Resource Management Issues in Micro, Small and Medium Enterprises in Tamil Nadu" conclude that there is informality and high flexibility in the practice of HRM in the MSME sector and formalization of practices is essential to enhance the working condition of the MSME sector employees.

Objectives of the Study

To study the impact of dimensions of applied knowledge on successful entrepreneurship.

Methodology

The study is an empirical one based on data gathered from the respondents have been chosen for the study. A sample of 298 respondents has been chosen for the study. For this study, the researcher used a well-structured questionnaire to collect the data from the respondents. The questionnaire related to variables of applied knowledge and various factors associated with entrepreneurship. The researcher used multiple regression analysis to identify the impact of dimensions of applied knowledge on successful entrepreneurship. IBM SPSS 21 version was used for statistical purpose.

Results and Discussion
Impact of Dimensions of Applied Knowledge on Successful Entrepreneurship

Regression is the determination of the statistical relationship between two or more variables. In simple regression two variables are used. One variable (independent) is the cause of the behaviour of another one (dependent). When there are more than two independent variables the analysis concerning relationship is known as multiple correlations and the equation describing such a relationship is called the multiple regression equation.

Regression analysis is concerned with the derivation of an appropriate mathematical expression is derived for finding values of a dependent variable by independent variable. It is thus designed to examine the relationship of a variable Y to a set of other variables X_1, X_2, X_3…………X_n. the most commonly used linear equation in $Y = b_1 X_1 + b_2 X_2 + …… + b_n X_n + b_0$

Here Y is the dependent variable, which is to be found. X_1, X_2,… and X_n is the known variables with which predictions are to be made and b_1, b_2,….b_n are the coefficient of the variables. In this study, the dependent variable is successful entrepreneurship; Independent variables have applied the knowledge they are strategy, finance, marketing and sales, human resource/people management, operations, statutory requirements and information &

communication technology are discussed as follows:

- Dependent Variable – Successful entrepreneurship (y)
- Independent Variable
  - i. Strategy (X1)
  - ii. Finance (X2)
  - iii. Marketing and Sales (X3)
  - iv. Human Resource / People Management (X4)
  - v. Operations (X5)
  - vi. Statutory Requirements (X6)
  - vii. Information & Communication Technology (X7)
- Multiple R-values: 0.877
- R Square value: 0.769
- Adjusted R square value: 0.764
- F value: 138.192
- P value: 0.000

Table

Variables	Unstandardized Coefficients(B)	S.E error of B	Standardized Coefficients Beta	t-value	p-value
Constant	3.420	0.046	-----------	74.760	0.000**
Strategy	0.196	0.015	0.702	12.795	0.000**
Finance	0.072	0.017	0.182	4.228	0.000**
Marketing and Sales	0.126	0.012	0.361	-10.559	0.000**
Human Resource / People Management	0.494	0.040	0.954	-12.491	0.000**
Operations	0.076	0.019	0.228	4.034	0.000**
Statutory Requirements	0.009	0.015	0.036	0.611	0.542
Information & Communication Technology	-0.073	0.013	-0.259	-5.832	0.000**

Note: ** Denotes significant at 1% level * Denotes significant at 5% level

The multiple correlation coefficient is 0.877 measures the degree of relationship between the actual values and the predicted values of the successful entrepreneurship. Because the predicted values are obtained as a linear combination of Strategy (X1), Finance (X2), Marketing and Sales (X3), Human Resource / People Management (X4), Operations (X5), Statutory Requirements (X6) and Information & Communication Technology (X7) the coefficient value of 0.877 indicates that the relationship between successful entrepreneurship and the seven independent variables is quite strong and positive. The Coefficient of Determination R-square measures the goodness-of-fit of the estimated Sample Regression Plane (SRP) regarding the proportion of the variation in the dependent variables explained by the fitted sample regression equation. Thus, the value of R square is 0.769 simply means that about 76.9% of the variation in successful entrepreneurship is explained and R square value is significant at the 1 % level.

The multiple regression equation is Y= 3.420 + 0.196 X1+ 0.072 X2 + 0.126 X3 + 0.494 X4 + 0.076 X5 + 0.009 X6+ 0.076 X5 Here the coefficient of X1 is 0.196 represents the partial effect of Strategy on successful entrepreneurship, holding the other variables as constant. The estimated positive sign implies that such effect is positive that successful entrepreneurship would increase by 0.196

for every unit increase in Strategy and this coefficient value is not significant at 1 % level. The coefficient of X2 is 0.072 represents the partial effect of finance on successful entrepreneurship, holding the other variables as constant. The estimated positive sign implies that such effect is positive that successful entrepreneurship would increase by 0.072 for every unit increase in finance and this coefficient value is not significant at 1 % level. The coefficient of X3 is 0.126 represents the partial effect of marketing and sales on successful entrepreneurship, holding the other variables as constant. The estimated positive sign implies that such effect is positive that successful entrepreneurship would increase by 0.126 for every unit increase in marketing and sales and this coefficient value is not significant at 1 % level. The coefficient of X4 is 0.494 represents the partial effect of human resource/people management on successful entrepreneurship, holding the other variables as constant. The estimated positive sign implies that such effect is positive that successful entrepreneurship would increase by 0.494 for every unit increase in human resource/people management and this coefficient value is significant at 1% level. The coefficient of X5 is 0.076 represents the partial effect of Operations on successful entrepreneurship, holding the other variables as constant. The estimated positive sign implies that such effect is positive that successful entrepreneurship would increase by 0.076 for every unit increase in Operations and this coefficient value is significant at 1% level. The coefficient of X6 is 0.009 represents the partial effect of statutory requirements on successful entrepreneurship, holding the other variables as constant. The estimated positive sign implies that such effect is positive that successful entrepreneurship would increase by 0.009 for every unit increase in statutory requirements and this coefficient value is not significant at 1% level. The coefficient of X7 is 0.073 represents the partial effect of information & communication technology on successful entrepreneurship, holding the other variables as constant. The estimated positive sign implies that such effect is positive that successful entrepreneurship would increase by 0.073 for every unit increase in information & communication technology and this coefficient value is significant at 1% level.

Based on standardized coefficient, strategy (0.702), human resource / people management (0.954), marketing and sales (0.361) and information & communication technology (0.259) is the most important factors to extract successful entrepreneurship, followed by operations (0.228), finance (0.182) and statutory requirements (0.036).

Conclusion

The descriptive feelings of the Tamilnadu MSME entrepreneurs indicate with clarity where they feel they stand concerning the various determinants of entrepreneurship sustainability. As far as the enabling determinants go, they understand the importance of capital though they need to understand the nuances of financial management and leveraging. The importance of location, people management and marketing are well understood and they come across as confident about their ability to withstand competition and carve their niche in the market. As far as the driving determinants go, the entrepreneurs do have issues with accessibility to various resources which needs to be attended to. Their perception of their social acceptance is not very high either. Where they score well is on the motivational front. Itis clear that they are fired up by an urge to enjoy their work, have personal satisfaction, grow well and gain self-esteem. As far as the propelling determinants go, entrepreneurs score themselves only at an average level on all points, particularly on applied knowledge related aspects. They are more comfortable on the skills part and self-awareness. All aspects related to people-management and people-relationships warrant improvement and there is a crying need for greater support and guidance to the entrepreneurs, particularly from their families.

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