A Study on Various Problems And Prospects of Agro-Processing Entrepreneurs

Dr. P.Anbuoli, Assistant Professor ,Department Of Business Administration, Mannar Thirumalai Naicker College, Pasumalai, Madurai, Tamilmnadu, India. anbuolimtnc@gmail.com

Abstract - Entrepreneur is a person, who starts new business by integrating men, money, and machine. Entrepreneurship is exists in all kind of industries, when it comes to agro processing industry, no more difference is exposed. Agro-processing entrepreneurship requires moderate amount of investment and easy to manage and generate income. Furthermore, increased technology assists them to produce and process more quantities with high quality. This study aimed to study the various problems and prospect of agro-processing entrepreneurs. This study is conducted with 100 samples in Madurai district of Tamilnadu. Simple random sampling is administered to select sample and data is collected by means of personal and face-to-face interview. Suitable questionnaire with four parts consists of demographic profile, problems in agro-processing operation, prospects to the agro-processing entrepreneurs and their expectation successful operation of business. This study used the following statistical tools such as, percentage analysis, principal component factor analysis, multiple linear regression, mean score, and Garrett score. This study shows that large number of factors has impact on the agro-processing entrepreneurs.

Key words used: Entrepreneurs, Agro-Processing Units, Prospects, Expectations, Problems of Agro-processing Entrepreneurs.

I. INTRODUCTION

Entrepreneur is a business tycoon who not only envisages and organizes projects, but also takes risks repeatedly. All independent entrepreneurs are not true entrepreneurs and not all entrepreneurs are created equal. The intensity and motivation of the business depend on the degree of demonstrated sovereignty, the level of leadership and innovation they have demonstrated, the degree of responsibility they assume and the inspiration they provide. Arrange for the visualization and implementation of your business plans. Being an entrepreneur is more than just opening a business or two, it is necessary to have the attitude and strength to succeed in business. All successful entrepreneurs have a parallel thinking and possess many personal qualities that make them succeed in business. Business activity depends on individual motivations, experience, socio-cultural affiliation, qualifications, relevant skills and attitudes, access to credit, commercial premises, national infrastructure, macroeconomic environment and government stability. Socio-cultural factors such as social norms, family values, networks of friends and the value of entrepreneurship play a key role in promoting business promotion. Entrepreneurs with an executive point of view are often well placed to achieve something; they anticipate two major misunderstandings that lead to major problems.

Entrepreneurs need men, money, equipment, machinery and methods to perform all their functions. Men are the basic condition for managing everything in administration and operations. Without money, no economical enterprise is possible, you need equipment to manufacture or market the finished products. The machine and the method are the other two entries in the operation of the enterprise. Effective management of all inputs and resources can generate attractive benefits for entrepreneurs. Entrepreneurs who all become leaders in a short-term perspective because; if they accept the challenge and the responsibility to ensure that others under their protection succeed and prosper. After learning new things in all aspects of the business and developing during different stages of execution and business knowledge, it is possible to achieve the crucial goal of obtaining attractive profits.

II. STATEMENT OF THE PROBLEM

Entrepreneurs benefit from the services and support provided by the government organizations, voluntary organizations and social system. Financial resources should be provided to strengthen their entrepreneurial spirit. Government organizations should provide training, technological advice and other programs, with or without funding support. In addition to this, volunteer organizations and other voluntary social development organizations are developing the capacity of young entrepreneurs in food processing and other sectors. Agro

 DOI : 10.35291/2454-9150.2019.0049

processing industries such as, flour mills, rice mills and oil crushing plants are within the reach of small and medium-sized enterprises. Significantly, the government is showing such concern by supporting agro-based entrepreneurship. It has a strategic importance for each national economy due to a wide range of reasons. Due to their private ownership, their entrepreneurial spirit, their flexibility and adaptability, and their potential to react to changing challenges and environments, Entrepreneurs enjoy benefits such as training, marketing assistance, promotion plans, special tax concessions, credit facilities, policies and plans for the promotion of agro based processing units implemented by states, incentives to establish businesses in backward areas, etc. the pressure to ensure that their companies are respectful of the environment, to maintain or increase profitability in the face of fierce competition and adverse weather conditions.

III. REVIEW OF LITERATURE

Entrepreneurship requires high level of innovation in all spheres of business. It mainly deals with addressing the existing problem and innovates towards change in the manufacturing process [4]. Entrepreneur has been successful in breaking their barriers within the limits of their homes by entering into varied kinds of professions [6]. Emergence and contribution of entrepreneurs in India, the study stressed that entrepreneurship has been promoted through the effective contribution of work and use of right technology. Moreover, proper use of funds, getting support from government may increase the performance of business [10]. Entrepreneurship need more focus and emphasize for tapping all such cashing opportunities [5]. It plays a vital role in diversification and commercialization of agriculture, enhances shelf life, ensures value addition to agro products, generates employment, enhances income of the farmer and creates market for export of agro food. Entrepreneurs subject to face many problems, including personal and family problems, social acceptance problems, and business problems [11]. While conducting a business, entrepreneur face more challenges of learning how to operate the business efficiently [8]. Indian government provides financial support, which is particularly designed for women entrepreneurs [12].

Entrepreneurship is found everywhere, it is happening among different communities, different cultures, different people and even different countries. Earning profit is the motive behind in the spreading entrepreneurial venture among different countries. Active globalization measures, government is administering various policies and innovations in entrepreneurship [1]. Experienced entrepreneurs innovate more in their entrepreneurial venture so as to develop their business profit and future growth. Innovation is required in all spheres of entrepreneurship; a business unit without innovation may lead to bankruptcy [7]. Entrepreneurship will be sustainable if a mentality change occurs that concerns dominant approaches to entrepreneurial action [3]. Entrepreneurship is a powerful attitude that, in such a way, in the last years, has become a discipline increasingly transversal to different areas of knowledge, science, and organizations [2]. Promotion of entrepreneurship has a vital role to play in improving the competitiveness of small business and enhancing employment opportunities [9].

IV. OBJECTIVES OF THE STUDY

This study is commenced with the following objectives:

1. To examine the demographic background of entrepreneurs involved in agro-processing.
2. To ascertain the impact of various problems on agro-processing entrepreneurs.
3. To investigate the various prospects connected with the agro-processing entrepreneurs.
4. To measure the different expectations of agro-processing entrepreneurs for successful operation of their business.

V. RESEARCH METHODOLOGY

This study is commenced with the motive to assess the problems and prospects of agro-processing entrepreneurs. It is conducted with the strength of simple random sampling. A custom-built cover letter elucidating the rationale of the study, the voluntary nature of contribution about the questions and a declaration about the privacy of the responses along with a questionnaire are distributed to the entrepreneurs. The data is collected from the entrepreneur who has the minimum experience of operating the mill for one year is considered. The agro-unit preferred should employ more than 5 skilled and un-skilled employees and employment of capital more than 50 lakhs. The study employed descriptive research and used both primary and secondary data. This study consists of 100 samples, which are identified and collected data in Madurai district. Data is collected by distributing well-structured and non-disguised questionnaire and it is pretested with more than 15 agro-processing entrepreneurs and modifications carried out as per their feedback. The questionnaire includes four parts, first part consists of demographic profile, second parts deals with the problems faced by the entrepreneurs and third part deals with prospects for the entrepreneurs and final part deals expectations of agro-processing entrepreneurs. The data collected from the respondents has been analyzed with utmost suitable statistical techniques. Percentage analysis has been used to analyze the demographic profile. Problems of agro-processing entrepreneurs are examined with principal component factor analysis. Five point summation scale ranging from five to one, 5 is assigned for ‘Strongly Agree’, 4 is for ‘Agree’, 3 is for ‘Neither Agree nor Disagree’, 2 is for ‘Disagree’ and 1 is for ‘Strongly Disagree’ was utilized to collect the data for

 DOI : 10.35291/2454-9150.2019.0049

employing factor analysis. The relative contribution and reliability of factor analysis is tested with multiple regression analysis. The prospects of agro-processing entrepreneurs are analyzed through mean score and t-test. Garrett score administered to measure the expectations of agro-processing entrepreneurs.

VI. RESULTS AND DISCUSSIONS

6.1. Analysis of Demographic Background

The demographic profile agro-processing entrepreneur is analyzed and its results are presented in table-1.

Table – 1: Analysis of Demographic Background

Particulars	Category	Frequency	Percentage
Gender	Male Female	79 21	79% 21%
Age	Below 30 years 30 – 50 years Above 50 years	29 46 25	29% 46% 25%
Educational Qualification	Illiterate Up to HSC UG PG	22 38 23 17	22% 38% 23% 17%
Business Experience	1 – 5 years 5 – 10 years More than 10 years	26 31 43	26% 31% 43%
Volume of Business	Less than 5,00,000 5,00,001 – 10,00,000 10,00,001 – 2500,000 25,00,001 & above	38 23 21 18	38% 23% 21% 18%
Workforce	5 - 10 Employees 11 -20 Employees 21- 50 Employees More than 50 Employees	47 24 18 11	47% 24% 18% 11%
Area of Operation	Rural Semi-urban Urban	42 32 26	42% 32% 26%

(Basis: Primary data)

Table-1 shows that gender consists of 79% of male entrepreneurs and 21% of female entrepreneurs. Age shows that 29% of entrepreneurs are in less than the 30 years of age, 46% of entrepreneurs are in the age group of 31 - 50 years and 25% of entrepreneurs are in the age group of more than 50 years. Education reveals that 22% entrepreneurs are illiterate, 38% are in up to HSC standard, 23% are UG degree holders and 17% are PG degree holders. Experience disclosed that 26% are having experience of 1 – 5 years, 31% are experienced in 5 – 10 years and rest 43% are having experience of more than 10 years. Volume of business reveals that 38% are in less than 5 lakhs, 23% are in 5 – 10 lakhs, 18% are in 21 – 50 lakhs and rest 18% are in more than 25 lakhs. Workforce of agro-processing shows that 47% are employed 5 – 10 employees, 24% are employed 11 – 20 employees, 18% are employed 21 – 50 employees in their agro-processing and remaining 11% of entrepreneurs are employed more than 50 employees. Area of operation shows that 42% of entrepreneurs are operating in rural areas, 32% are operating in semi-urban areas and 26% of entrepreneurs are operating in urban areas.

6.2. Impact of Various Problems

The various problems and its impact on agro-processing entrepreneurs are examined by using principal component factor analysis. Five point summation scale ranging from five to one, 5 is assigned for 'Strongly Agree', 4 is for 'Agree', 3 is for 'Neither Agree nor Disagree', 2 is for 'Disagree' and 1 is for 'Strongly Disagree' is utilized to collect the data. The problems of agro-processing operators contain 33 statements related to the various factors affecting the agro-processing operators.

Table – 2: Factor Analysis of Problems of Agro-processing Entrepreneurs

Factors	Components	Factor Loadings	Eigen Value	% of Variance
Operational Problems	Climate conditions Legal obedience Labor troubles Water availability Other input availability Pollution problems Cost of input Power availability	0.829 0.792 0.818 0.771 0.801 0.763 0.813 0.763	12.893	26.652
Material Purchase	Seasonal availability Poor material quality Warehousing availability More quantity purchase High level of material price Adultery and black market Agent influence	0.788 0.811 0.782 0.737 0.802 0.805 0.781	9.687	19.326
Use of Technology	Traditional technology use High power consumption Lack of high technology Packaging problems High cost of production Machinery availability	0. 814 0.792 0.768 0.798 0.779 0.783	7.435	14.269

 DOI : 10.35291/2454-9150.2019.0049

Finance Access	Working capital finance Availability of credit Ease of loan settlement Continuous jute bag purchase More credit period	0.808 0.762 0.754 0.787 0.795	6.154	9.687
Product Marketing	Credit expectation of customers Middlemen interference Open market access High marketing cost	0.793 0.811 0.772 0.753	3.526	6.468
Personal Problems	Less entrepreneurial spirit Less operational knowledge Access in local market	0.788 0.775 0.734	2.512	4.635

(Source: Primary Data)

Table-2 presents the factors and its components, reliability alpha and its factorial mean values. The factor analysis contains 33 components in six dimensions. The factorial mean of six factors are; operational problems (2.95), material purchase (2.71), use of technology (2.63), finance access (2.51), product marketing (2.39) and entrepreneurial problems (2.21). The content validity of all components in the scale is more than 0.50. Put together all six factors explain 81.037% of variance in data. Operational problems are the main problems it explains 26.652% of variance with Eigen value of 12.893. Climate conditions, labor troubles, cost of input, and other input availability are the main reason for operational problems. Material purchase is the second important factor it explains 19.326% of variance with Eigen value of 9.687. Poor material quality, adultery and black market, and high level of material price are the major problems in material purchase. Use of technology has rigorous impact on agro-processing operation. It jointly explains 14.269% of variance with the Eigen value of 7.435. Traditional technology use and packing problems are the highest problem in use of technology. Finance access explains 9.687% variance in data and has Eigen value of 6.154. Working capital finance, and more credit period are the main issues to the entrepreneurs. Product marketing is influenced by middlemen interference and credit expectation of customers. It has Eigen value of 3.526 and explains 6.468% of variance in data. Personal problems create troubles to the agro-processing entrepreneurs; it explains 4.635% of variance in data and has Eigen value of 2.512.

So as to examine the validity of factors identified in factor analysis, multiple linear regression analysis has been employed to analyze the problems of agro-processing entrepreneurs. Six factors are considered as independent variable and the entrepreneurial performance is taken as dependent variable, which are depicted in table-3.

Table – 3: Multiple Linear Regression Analysis

Independent Variables	Dependent Variable	Un-standardized coefficients		Beta coefficients	t value	Sign.
		B	Std. Error			
Constant	Entrepreneurial performance	0.852	0.656		1.552	0.152
Operational problems		0.451	0.081	0.474	5.557@	0.054
Material purchase		0.232	0.091	0.151	1.941$	0.062
Use of technology		0.229	0.103	0.132	1.873$	0.073
Finance access		0.203	0.079	0.085	1.752*	0.313
Product marketing		0.183	0.102	0.132	1.872$	0.085
Personal problems		0.151	0.075	0.125	1.274$	0.072
R	0.845					
R^2	0.714					
Adjusted R^2	0.696					
F Value	28.365@					

Note: @ significant at 1%, $ significant at 5% and *significant at 10%.

Table-3 demonstrates that all six independent variable are positively associated with the problems of agro-processing entrepreneurs. It shows the value of R^2 and adjusted R^2 as 0.714 and 0.696 respectively, which indicates that 71% of variation on problems of agro-processing entrepreneurs is explained by six underlying factors. Operational problems have highest beta coefficient 0.474 and t value 5.557 is statistically significant at 1% level. It indicates the strong impact on the running of agro-processing units. Material purchase, use of technology, product marketing and personal problems is positively associated with the problems of agro-processing entrepreneurs; all are statistically significant at 5% level. Finance access impacts the livelihood of agro-processing operation and is statistically significant at 10% level. It is inferred that all the six factors have significant role in creating problems to the agro-processing entrepreneurs.

6.3. Prospects for Agro-processing Entrepreneurs

Several prospects supports for the development of agro-processing operation. This study brings the prospects for agro-processing entrepreneurs in short and long-term perspective. Short-term is connected with the period of less than 5 years, whereas long-term focus connected with the period of more than 5 years. Mean scores of the variables bringing prospects on short-term and long-term; it is explained with the help of t-test. Its results are presented in table-4.

 DOI : 10.35291/2454-9150.2019.0049

Table – 4: Mean Score and T-statistics

S. No	Variables	Mean Score		T-statistics
		Long-term	Short-term	
1	Government support	4.13	4.21	1.659
2	Existence of traders	3.23	3.34	1.953
3	Association support	4.01	4.03	1.725
4	Financial institutions support	3.61	3.41	1.536*
5	No bottlenecks in material purchase	3.54	3.99	1.594
6	Easy finance availability	3.70	4.02	2.236
7	Low interest on finance	3.95	3.94	2.832
8	Training and development	3.93	3.92	2.825
9	Technical assistance	3.39	3.42	1.737
10	Marketing support	3.16	3.19	2.214

(Source: Primary Data) *Significant at 1% level

Table-4 shows that the prospective factors brings somewhat benefit to the agro-processing entrepreneurs. It shows that government support (4.13), association support (4.01), low interest on finance (3.95), and training and development (3.93) are the most important prospects in the long-term to the agro-processing entrepreneurs. Similarly, government support (4.21), association support (4.03), easy finance availability (4.02), no bottlenecks in material purchase (3.99), low interest on finance (3.94), and training and development (3.92) are the most important prospects in the short-term to the agro-processing entrepreneurs. The t-test values are significant at 5% level. Moreover, remaining variables establish moderate prospects to the agro-processing entrepreneurs.

6.4. Expectations of Entrepreneurs

The expectations of agro-processing entrepreneurs are different and fall in the aspects of men, money, machine, material and method. As per Garrett ranking, mean score is computed by dividing total score by total marks, that is, 10. Its results are presented in table-5.

Table – 5: Garrett Ranking Analysis

S. No	Expectations of Entrepreneurs	Mean Score	Total Score	Rank
1	Financial support with subsidy	33.5	335	1
2	No middlemen interference	29.4	294	2
3	Sophisticated technology	24.7	247	6
4	Storage facilities	27.2	272	4
5	Price regulation of material	25.8	258	5
6	Availability of labour	22.3	223	7
7	Healthier market conditions	29.0	290	3

(Source: Primary Data)

Table-5 shows that the expectations of agro-processing entrepreneurs to equip themselves from the odds and evils in their business. Their expectations are analyzed through Garrett Score. Financial support with subsidy is the main expectation of agro-processing entrepreneurs and ranked first, its mean score gets 33.5 points. The second important expectation is no middlemen interference, which gets 29.4 points. Third factor is healthier market conditions and it gets 29.0 points. Moreover, storage facilities (27.2 points), price regulation of material (25.8 points), sophisticated technology (24.7), and availability of labour (22.3 points) are placed as fifth, sixth and seventh respectively.

VII. FINDINGS

Demographic background shows that 79% of males, 46% are in the age group of 31 - 50 years, 38% are in up to HSC standard, and 43% are having experience of more than 10 years. Similarly, 38% are in less than 5 lakhs, 23% are in 5 – 10 lakhs as volume of business, 47% are employed 5 – 10 employees, and 42% of entrepreneurs are operating in rural areas. The factor analysis contains 33 components in six dimensions. The first factor operational problem explains 26.652% of variance in data. The second factor material purchase explains 19.326% of variance, third factor use of technology explains 14.269% of variance. The fourth factor finance access explains 9.687% of variance, fifth factor product marketing explains 6.468% of variance in data, and sixth factor personal problem explains 4.635% of variance in data. Multiple regression confirms the impact of various problems on entrepreneurial performance. The main prospects of agro-processing entrepreneurs include that government support, association support, low interest on finance and training and development both in the long and short-term time perspective. Financial support with subsidy, no middlemen interference, and healthier market conditions are the most important expectations of agro-processing entrepreneurs.

VIII. CONCLUSION

Entrepreneurial success vastly depends on the aspects such as, risk-taking, innovativeness, need for achievement and managerial proficiency. Personal background in agro-processing entrepreneurship plays a significant role in the development of business. The reality is that capital formation and the self-confidence to manage business are essential for the development of entrepreneurial qualities and these are easily available with people who have good background. Entrepreneurs are emerging from various demographic background, various problems affect the business operation of agro-processing entrepreneurs. Entrepreneurs are supported from various government agencies to develop their business. Moreover, agro-processing entrepreneurs expect several aspects in order to conduct their business more successfully. It is concluded that large number of factors has significant impact on the agro-processing entrepreneurs.

 DOI : 10.35291/2454-9150.2019.0049

REFERENCES

[1] Hornsby, J.S., Messersmith, J., Rutherford, M. & Simmons, S. (2018). Entrepreneurship everywhere: Across campus, across communities, and across Borders. *Journal of Small Business Management, 56*, 4-10.

[2] Kuratko, D.F. & Morris, M.H. (2018). Examining the future trajectory of entrepreneurship. *Journal of Small Business Management, 56*, 11-23.

[3] Muñoz, P. & Cohen, B (2017). Sustainable entrepreneurship research: Taking stock and looking ahead. *Business Strategy and the Environment, 27*, 1-23.

[4] Muthu, S. (2018). Exploring the dynamics of innovation in entrepreneurship, *International Journal of Entrepreneurial Development, 3*(6), 48-62.

[5] Negi, S. (2013). Food processing entrepreneurship for rural development: drivers and challenges. *International Conference on Sustainability: Ecology, Economy & Ethics*, 186-197.

[6] Palaniappan, G., Ramanigopal, C. S. & Mani, A. (2012), A study on problem and prospects of women entrepreneurs with special reference to Erode District, International *Journal of Physical and Social Sciences, 2*(3), 156-168.

[7] Poblete, C. (2018). Growth expectations through innovative entrepreneurship: The role of subjective values and duration of entrepreneurial experience. *International Journal of Entrepreneurial Behaviour & Research, 24*(1), 191-213.

[8] Prabhakaran, T. (2014). Socio economic problems of women entrepreneurship in rural India. *Indian Streams Research Journal, 4*(1), 1-5.

[9] Ramana, V., Prasad, B. & Guda, N. (2018). A study on emerging trends in business incubation & innovation. *Small Enterprises Development, Management & Extension Journal, 33*(1), 44-61.

[10] Sharma, M. (2017). A study on emergence and contribution of entrepreneurs in India. *International Journal on Entrepreneurship and Small Business, 4*(3), 21–35.

[11] Srividhya, T. & Pananivelu, V.R. (2013). A study on challenges and opportunities for women entrepreneurs in Erode. *Namex International Journal of Management Research, 3*(2), 9-16.

[12] Uma, S.N. & Ramesh, H.N. (2018). A study on government support for promoting women entrepreneurs in Karnataka State. *International Journal of Economics & Management Sciences, 7*(3), 1-5.

 DOI : 10.35291/2454-9150.2019.0049