

Assessment and analysis of socio-economic correlates for characterizing the overall performance of handicraft enterprises in Assam

M. M. ADHIKARY, K. PRADHAN¹ AND R. SAHARIA

*Department of Agricultural Extension, Bidhan Chandra Krishi, Viswavidyalaya
Mohanpur-745412, Nadia, West Bangal*

*¹ Department of Agricultural Extension, Uttar Banga Krishi Viswavidyalaya,
Pundibari-736165, Coochbehar, West Bangal*

Received: 12-5-2014, Revised: 19-5-2014, Accepted: 30.5.2014

ABSTRACT

The concept of 'entrepreneurship development' is becoming global phenomenon today not only because of industrial growth and business ventures but also a solution of unemployment and for the socio-economic prosperity of the community. In case of handicraft, craft form is a significant sector in India, not only because of their intrinsic cultural and aesthetic value but also because of their promising potential for economic development. An entrepreneurship development process is a judicious blend of management and risk orientation process for profit maximization. The present study was conducted at Pub Nalbari block of Nalbari district and Balipara block of Sonitpur district under the state Assam with respondents selected randomly. For the growth of any enterprise efficient management plays a key role. This management includes planning, production and market management. The study revealed that majority of the handicraft entrepreneurs efficiently managing their enterprise for profit maximization and experience, increased income, education and use of skill hired labour played a crucial role in entrepreneurship management, quality product and minimizes the risk and ultimately improves the performance of the enterprise.

Key Words: Economic development, entrepreneurship development, handicraft enterprise, marketing management.

The spirit of entrepreneurship development is quite old and plays an important role in the development of people economically and helps in solving the unemployment situation in the society (Adhikary *et al.*, 2011). It is useful in the promotion of industrial growth and business ventures and also for the socio-economic prosperity of the community. It generates large-scale employment with relatively low capital, promotes more equitable distribution of national income, and makes use of untapped capital and human skills. The entrepreneurship is the creative and innovative response to the environment, which can take place in variety of fields of social endeavor business, industry, agriculture, education, social work and it is potent limiting factor in economic development (Bheemappa, 2003). In case of Handicraft, craft form is a significant sector in India, not only because of their intrinsic cultural and aesthetic value but also because of their promising potential for economic development. The craft or handicraft sector is the largest decentralized and unorganized sector of the Indian economy, and is among India's largest foreign exchange earners (Vijayagopalan, 1993). As a socio economic group, artisans are amongst the poorest. The craft sector brings in much more than is spent on it. According to the Director-General of Commercial Intelligence and
Email: dradhikary@gmail.com

Statistics, Craft exports in India were 16% of total exports, in 1972-83. In India, from 1960-1984, craft exports earned 90 billion in foreign exchange, but the sector received only 1.4 billion from the Government in return (Pye, 1988). If we see the current total export figures of Handicrafts between the years 1992-93 to 2000-01. They have gone up to Rs. 9270.50 billion from Rs. 2543.18 billion (Anony., 2001). The crafts sector could be a significant contributor for playing a pivotal role to economic vitality. The average net foreign-exchange earnings for all handicrafts and handlooms is over 90% of the value of output, which is well above the level recorded by exports from more organized sectors- both small and large (Cable, *et al.*, 1986).

After independence on the recommendation of Ford Foundation team in 1953-54, four regional institutions were set up to impart training in, Advances in Science, technology, business and management etc. Subsequently, Small Industries Development Organization (SIDO) took up this work of Entrepreneurship Development Programmes (EDP) which is covered the first generation entrepreneurs including some of the rural areas of our country. The number of new jobs created by craft industries was almost as large as the number created by the private and public sectors combined (Pye, 1988). The current state of India's artisans is a matter of serious concern.

Those producing the craft reap the fewest benefits from the lucrative market, and even the most talented often live in object poverty. All though most producers in India are highly skilled and many are true artisans, the vast majorities are poorly educated and have low social status. To boost up this sector, the Handicrafts and Handlooms Export Corporation (HHEC), was set up in June 1962 with the twin objectives of export promotion and trade development of handicraft and handloom products. The development of small scale industries (SSI) has been one of the major planks of India's economic development (Bala Subrahmanyam *et al*, 2004). Creation of employment through indigenous craft tradition is believed to be a productive source of income (Harper and Roy, 2000). Now so many youth are showing much interest in entrepreneurship development with a self interest due to lack of employment. Keeping the discussion in view the present paper has tried to envisage the performance of the entrepreneurs in the handicraft enterprise and the relation of the socio-economic attributes with the performance.

MATERIALS AND METHODS

The present study was conducted at Pub Nalbari block of Nalbari district and Balipara block of Sonitpur district under the state Assam. The purposive as well as simple random technique was adopted for the present study. It may be termed as multi stage sampling procedure. The Districts and Blocks were purposively selected for the study. The district Nalbari and Sonitpur and the blocks Pub Nalbari and Balipara were considered. Under Pub Nalbari block out of ten gaon panchayats two gaon panchayats and in case of Balipara block out of eighteen gaon panchayats two gaon panchayats were randomly selected for the study. An exhaustive list of respondents was prepared with the help of block and panchayat officials from the selected four gaon panchayats. From the prepared list 100 respondents were selected randomly for the purpose of final data collection. A pilot study was conducted in the selected gaon panchayats before constructing the data collecting device. In course of this survey informal discussion was carried out with some rural entrepreneurs and extension agents of the localities. For the present study the variables age, education, organizational pattern, annual income,

family type, experience, source of finance, source of labour, training exposure were considered as predictor variables and the overall performance of the enterprise the only predicted variable was measured as the composite score of benefit cost ratio, management orientation and risk orientation. The sources of finance, sources of labour and organisational pattern are the categorical information. The source of finance was measured with the help of the score assigned to the financial source category as bank=1, friends and relatives=2 and own=3. In case of sources of labour, the score assignment was hired labour=2 and non hired labour=1. In case of organisational pattern, the score was assigned as proprietorship-5, patnership-4, private company-3, public company-2, co-operation-1. The data were collected with the help of structured interview schedule prepared for the study. The selected data were processed into the statistical tools like coefficients of correlation and multiple regressions for drawing the conclusion.

RESULTS AND DISCUSSION

The Table 1, represents the distribution of the entrepreneurs on the basis of the overall performance of their enterprises. The results depict that the majority of the entrepreneurs are under medium performance of their enterprises (45%) followed by low performance enterprise associated entrepreneurs (35%) and high performance enterprise associated entrepreneurs (20%). The variable overall performance of the enterprises is distributed with the mean value of 36.88 and standard deviation value of 1.95. The coefficient of variations being 5.28 indicates the high consistency level of the variable distribution, overall performance of the enterprise.

The Table 2, represents the correlation coefficient of performance along with nine causal variables. The variables education(x_2), annual income(x_4), experience(x_6) and source of labour(x_8) are positively and significantly associated with the performance of an enterprise. The variables organizational pattern(x_3), family type(x_5) and source of finance(x_7) are negatively and significantly associated with the performance of the enterprise. The education improves the knowledge of an individual, more cosmopolite ness and sharing of knowledge and

Table 1: Distribution of the entrepreneurs on the basis of their enterprise's overall performance

Category	Score	Frequency	Percentage	Statistics
Low performance	33.14-35.89	35	35	Mean=36.88
Medium performance	35.90-38.65	45	45	SD=1.95
High performance	38.66-41.41	20	20	CV=5.28%

information is also more. Higher education helps in improving the decision making ability of an individual and at the same time better management of the enterprise. That is why education is positively and significantly associated with the performance of the enterprise. The variable annual income is essential for improvement of an enterprise. Higher income helps an entrepreneur in hiring skill labour, purchasing of quality inputs for his enterprise. Increased annual income helps in better management of the enterprise and thereby improves the quality of the product and increased the performance of the enterprise. That is why annual income is positively and significantly associated with the performance of the enterprise. The analysis reveals that involvement of skill labour helps an individual in performing activity in an efficient manner than the non hired labour as they are knowledgeable and experience enough on that particular enterprise which helps to achieve quality product. That is why source of labour is positively and significantly associated with the performance of the enterprise. The experience of an individual reflects the majority of the entrepreneurs in case of managing the enterprise smoothly. Experience of an individual helps in efficient management of activity and better quality output and thereby improves the performance. That is why experience is positively and significantly associated with the performance of the enterprise. In case of partnership orientated enterprise sharing of information, involvement of capital is more. Here

decision making ability is quite good because several partner is involved which leads to better technology management, more investment orientation towards the enterprise. But in individually operated enterprise sharing of information and involvement of capital is limited which results decreased in performance of the enterprise. That is why organizational pattern is negatively and significantly associated with the performance of the enterprise.

Table 2: Correlation coefficient of overall performance of the enterprises along with nine causal variables

Variables	Correlation coefficient (r)
Age (x ₁)	-.1051
Education (x ₂)	.1807*
Organization pattern (x ₃)	-.2489 **
Annual income (x ₄)	.7133**
Family type (x ₅)	-.4609 **
Experience (x ₆)	.1711*
Source of finance(x ₇)	-.1824 *
Source of labour (x ₈)	.5924**
Training exposure(x ₉)	.0625

*, **Significant at 5% and 1% level of significance respectively

Table 3: Multiple regression analysis of overall performance of the enterprises along with nine predictor variables

Variable	Standardized regression coefficient (β)	Regression coefficient (b)	Standard error of 'b'	't' value
Age (x ₁)	-.133	-.0288	.022	-1.331
Education (x ₂)	.022	.0547	.240	.228
Organization pattern (x ₃)	-.057	-.342	.426	-.804
Annual income (x ₄)	.568	.000061	.000	6.296**
Family type (x ₅)	-.186	-.785	.306	-2.562**
Experience (x ₆)	.057	.0243	.045	.539
Source of finance(x ₇)	-.125	-.310	.215	-1.443
Source of labour (x ₈)	.147	.650	.402	1.617*
Training exposure(x ₉)	-.046	-.0217	.035	-.622

R² = 0.639, Adjusted R² = 0.603

*, ** Significant at 5% and 1% level of significance respectively

The study reveals that the conflict within the joint family is more in case of decision making and managing an enterprise rather than nuclear family which leads to decreased in performance. That is why family type is negatively and significantly associated with the performance. It has been found that the involvement of capital for hiring human resource, better technology, better marketing in case of own financial source is not abundant for managing an enterprise and ultimately decrease the performance of an enterprise. That is why source of finance is negatively and significantly associated with the performance. The Table 3, presents the multiple regression analysis of performance of the enterprise with the nine causal variables and the result reveals that annual income of the entrepreneur has recorded a significant regression effect on performance in presence of other causal variables. Increased in the income leads to the better management, better technology intervention, greater involvement of skilled labour, risk bearing ability or better performance of the enterprise. That is why this variable has been found wielding substantive effect on the performance. The variable source of labour has also recorded a substantive impact on the performance of the enterprise. It has been found that involvement of skilled hired labour in an enterprise leads to the better management, quality of product and minimizes the risk and ultimately improves the performance of the enterprise. That is why this variable has found a significant regression effect in characterizing the performance of the enterprise. The conflict within the joint family is higher in case of decision making and managing an enterprise rather than nuclear family which leads to decrease in performance. That is why the variable is significantly but negatively contributing in characterizing the predicted variable performance of the enterprise. The R^2 value being 0.639 means that predictor variables put together 63.9% of the variations embedded in the predicted variable, performance has been explained and the 36.1% of variation in predicted variable still has been left unexplained. On the basis of that this should further suggest the inclusion of more relevant and contextual variables could have explained more variations in predicted variable.

The success of an enterprise mainly deepens on performance of the enterprise *i.e.* the profit coming from that particular enterprise as a whole and benefit cost ratio, management orientation and risk

orientation are considered as important indicators in determining the performance of the enterprise. Increase in the income leads to the better management, better technology intervention, more involvement of skilled labour, risk bearing ability which ultimately leads to the better performance of the enterprise. Involvement of skilled hired labour in an enterprise leads to the better management, quality of product and minimizes the risk and ultimately improves the performance of the enterprise. The experience of an individual reflects the majority of the entrepreneurs in case of managing the enterprise smoothly. Experience of an individual helps in efficient management of activity and better quality output and thereby improves the performance. Higher education helps in improving the decision making ability of an individual and at the same time better management of the enterprise.

REFERENCES

- Adhikary, M.M., Pradhan, K and Saharia, R 2011. Analysing the risk orientation of cane and bamboo handicraft entrepreneurs with respect to their socio-economic correlates in Assam. *J. Crop Weed*. 7:217-19.
- Anonymous 2001. *Annual Report 2001 – 2002*, Ministry of Textile, Government of India, New Delhi.
- Bala Subrahmanyam, M.H, Balchandra, P. and Mathirajan 2004. Technological innovations in small scale industries: case studies of two foundries in Karnataka. *South Asian J. Mgt.*, 11:111-20.
- Bheemappa, A. 2003. Entrepreneurship development in agriculture. *Yojana*, 47:19-20.
- Cable, V.A., Weston and Jain, L.C 1986. *The Commerce of Culture*, Lancer International, New Delhi,
- Harper, M and Roy, A.K. 2000. *Cooperative Success: What Makes Group Enterprise Succeed*. Intermediate Technology Publication Limited, London.
- Pye, E.A. 1988. *Artisans in Economic Development: Evidence from Asia*, International Development Research Centre, Singapore.
- Vijayagopalan, S 1993. *Economic Status of Handicraft Artisans*, National Council of Applied Economic Research, New Delhi.