



Management

INDIAN ENTREPRENEURS COMPETITION BEFORE MULTINATIONAL COMPANIES



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DOI: [https://doi.org/10.29121/granthaalayah.v4.i8\(SE\).2016.2581](https://doi.org/10.29121/granthaalayah.v4.i8(SE).2016.2581)

ABSTRACT

MNCS are big challenges before local Indian entrepreneurs. Indian entrepreneurs are now finding it difficult to compete with multinational companies. Indian ers are trying to internationalize in their response. In this study 123 ers are examined, the purpose of the study is to identify the problems and competition before India ers. However there is a need of more support to enable them to survive and grow.

Keywords:

Entrepreneurs, Globalization, MNCs & Manufacturing Sector.

Cite This Article: Dr. R. Poornimarani, and Dr. A. Diana, "INDIAN ENTREPRENEURS COMPETITION BEFORE MULTINATIONAL COMPANIES", International Journal of Research – Granthaalayah, Vol. 4, No. 8: SE (2016): 10-15.

1. INTRODUCTION

In this study we look at the problems of Indian ers from MNCs globalization. This study is focusing on manufacturing sector only. Micro enterprises means that those units which have invested in plant and machinery sector only less than 25 lakhs to 5 crores.

Issues before Indian ers:

PROCESS OF SETTING UP MNC

Indian ers are set up by small ers and there is a need of service orientation on the part of government. When we are talking of service in every sector, Indian ers have to take much permission and obtain many clearances from multiple government departments. Some of the departments are:

- 1) DIC-registration
- 2) Land-riico
- 3) Industry inspector

- 4) Commercial tax departments-for sales department
- 5) NSic-for marketing of products
- 6) State electricity board for electricity.

This is only a partial list of so many departments connected to Indian ers. More ever, all these departments are located in different places so the ers has to spend a great deal of time in working government enterprises.

CHALLENGES FROM GLOBALISATION

- Globalisation has allowed MNCs to enter our country also. The policy of liberalisation has been introduced in 1991 and since then it has been creating pressures for Indian entrepreneurs.
- The limited ability of Indian ers to deal with complexities and challenges of conducting business internationally.
- Although globalisation has been a subject of growing interest as an area of research, globalisation has not been emphasized, especially among Indian ers.
- More ever the literature reveals not only limited empirical studies on
- Globalisation of small business but also lack of a conclusive frame work for understanding small business.
- The purpose of the study was to address this research issue .more especially this exploratory study attempted to investigate the Indian ers

2. LITERATURE REVIEW

The review of small business literature suggest that despite the importance of internationalisation to SMES, issues such as incentives

And problems of internationalisation among small business have not been addressed adequately.

The findings of the study by alvarrez (2004) however indicated that greater effort in international business, process innovation and the utilization of export promotion programmes contribute positively

3. RESEARCH METHODOLOGY

Sampling frame and procedure micro, small and medium sized ers in the manufacturing concerns with the investment in plant & machinery, Firm with investment of less than 5 crores.

QUESTIONNAIRE

In section two the times focused on getting information on the characteristics of the firms. The 38 times in section three were utilized to gather the information on various schemes of the department of SMEs.

4. RESULTS

Of the 123 respondents, 50 were managers, 60 were owners and managers were male and 17 females.

PROFILE OF THE SAMPLE FIRMS

Table 1 presents the profile of the sample firms which include their legal forms, size of terms of employment, age of the firms, total sales. Their exporting activities are summarised in table 2 as shown a small number of firms had export experience of more than four years.

The percentage of export sales to total sales among the firms is also very low and 53 firms out of 123 didn't have any exports.

5. DATA ANALYSIS

Table 1: Profit of the sample firms

Firm characteristics(n=123)	frequency	Percentage (%)
Legal form:		
Sole proprietorship	19	15.0
Partnership	61	49.5
Private limited	43	34.9
Number of employees:		
1-100	91	73.9
101-200	4	3.4
201 or more	28	22.7
Age of the company:		
<5years	7	5.6
6-10 years	50	40.7
11-15years	27	22.0
16-20years	13	10.8
>20years	26	20.6
Total sales in 2009(rs)>rs 1million		
Rs 1,000,001-rs 5 million	68	55.2
5,000,001-rs 10 million	12	9.4
Rs 10,000,001-rs.15million	9	7.3
Rs 15,000,001-rs 20 million	3	2.1
Rs 20,000,001-rs 25 million	28	22.7
Net profit in 2006(before tax)	65	51.5s
Rs 100,001-rs 200,000s	7	9.5

Table 2: Exporting activities of the sample firms (Only 70 firms are exporting out of 123 firms)

Firms characteristics(n=7)	Frequency	Percentage (%)
Number of years involved in exporting:		
<3years	30	43.8
4-6 years	8	11.8
7-9years	14	20.5
10-12years	10	13.7
>13years	8	10.9
Number of countries exported to:		
<3countries	36	52.2
4to6 countries	12	16.8
7to9 countries	12	16.8
10 to 12 countries	2	2.7
>13 countries	8	12.3
Percentage of export sales to total sales		
<10%	28	39
11 %to 15%	11	16
16% to 20%	8	11.5
21%to2 %	3	5
26% to 30%	4	6
>30%	16	24.0

SCHEMES FOR INDIAN ENTREPRENEURS/INCENTIVES

In the study the respondents were requested to indicate whether they agree or disagree that the MSME act and schemes /provided by various bodies /exam policy and export promotion boards and bodies have helped them.

Table 3: Schemes by various bodies like MSME ministry, state department EXIM bank, ECGG, Export promotion council boards

Schemes	Mean	Sd
Prime ministers employment guarantee schemes	3.38	1.08
Sfurti	3.26	1.04
Marketing assistance scheme	3.50	1.06
Rajiv Gandhi udyam mitra yojana	3.47	1.00
Interest subsidy	3.46	1.15
Msme –mda	3.64	1.02
Credit guarantee scheme	3.4	1.2
Iso 9000/4000 certification	3.41	1.20
Participation in international	3.01	1.24

trade fairs		
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Table 3: Summaries the responses to the question on the scheme/incentives. These results in general indicate that the respondents agreed that the incentives offered by MSME and various governmental activities had contributed to their success.

PROBLEMS AND CHALLENGES BEFORE INDIAN ENTREPRENEURS

The mean scores and standard deviation of the severity of the 125 common globalization problems as identified in previous studies are presented in table 4, the mean score of the problems ranged from 2.56 to 3.17.

Table 4: Problems before Indian entrepreneurs

Globalization problems	Mean	Sd
Competition from MNCs	1.78	1.32
Government regulations	2.56	1.30
Inadequate financing options	3.02	1.14
High cost of marketing	2.91	1.03
High tax rates	3.17	1.10
Appointment of sales force	3.15	1.08
Lack of production capacity	2.79	1.08
Lack of tax incentives	1.89	0.90
Responding to customer inquiries	3.11	1.01

In addition to the 25 common problems listed in table 4, in the study, the respondents were also requested to provide information concerning the most pressing problems faced by their firms in the last two years.

In table 5 as shown of the 29 problems recorded from the respondents in the study, nine were found to be similar problems reported in previous studies that investigated firm in small places.

Table 5: Most pressing problems faced by the firms

Most pressing problems	s
Competition from MNCs /foreign companies	27
Lack of government support	24
Lack in product quality	24
Competition from china	3
Competition from other countries	2
Unable to target the market rights	2
Unable to get market assistance	2
Low profit	1
Poor after sales service	1

6. DISCUSSIONS AND CONCLUSION

The result of the study suggest that the Indian entrepreneurs in the study in general agreed that the incentives provided by the government departments (Indian entrepreneurs)

As the whole the empirical information resulted from this study suggests that the Indian entrepreneurs in the study in general agreed that the 38 globalisation incentives had to a scertain degree contributed to their firms. Based on the findings of the study it seems reasonable to suggest that Indian entrepreneurs would need further help.

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