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An Evaluation of Institutional Support for Entrepreneurship in Karnataka – A Study

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ABSTRACT

Entrepreneurship has been described as the competence and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. While definitions of entrepreneurship naturally focus on the launching and running of businesses, due to the high amount of risks involved in launching a start-up. A major proportion of start-up businesses have to close due to lack of efficiency as it may be a handhold support from various institutions, bad business decisions, an economic crisis, lack of market demand-or a combination of all of these and this leads to discouraging small business enterprises. In recent era it is a well-known fact that one of the major components of any business is institutional support. The support may be related to business planning, funding, production and marketing etc. And when it comes to small business enterprises it is very difficult to get adequate institutional support as their size and the network of business is very small. As the result most of the entrepreneurs start their venture without having proper knowledge and support and eventually it end with closure of business within a span of time and which may discourage the young entrepreneurs who wish to start innovate with entrepreneurship. Therefore, the role of state government in developing small business entrepreneurship by providing them adequate institutional support is very essential and most required. In this context, the present study is aimed at evaluating the role of institutional support in the development of small business enterprises. The survey has been conducted for the sample small business entrepreneurs in Shimoga districts with a structured questionnaire to understand their

need and also the credibility of existing institutions and their support for their ventures. Through the study it is found that lack of extension programmes and specific plans to the small business enterprises in the levels of business planning, production, marketing and other areas is the major problems and it suggested that more number of specific programmes pertains to small entrepreneurs and handhold support from institutions throughout the process will help to grow in competitive business world.

Key Terms: Entrepreneurship, Business, Economy, Institution, Growth

1 Introduction

Entrepreneurship refers to the process of starting and operating a new business, typically with the goal of seeking profit and growth. An entrepreneur is an individual who takes on the initiative and risks associated with creating, organizing, and managing a business venture. Entrepreneurship involves identifying opportunities in the market, mobilizing resources, and taking innovative and calculated risks to turn an idea into a viable and successful business.

Importance of Entrepreneurship

Entrepreneurship plays a crucial role in driving economic growth, fostering innovation, and creating job opportunities. Here are several key reasons highlighting the importance of entrepreneurship:

- ❖ **Economic Growth:** Entrepreneurship is a significant driver of economic growth. Entrepreneurs create new businesses, which contribute to the overall expansion of the economy. They introduce new products and services, stimulate competition, and enhance productivity, all of which are essential for a thriving economy.
- ❖ **Innovation:** Entrepreneurs are often at the forefront of innovation. They identify gaps in the market, develop creative solutions to problems, and introduce new technologies. This innovation not only improves existing products and services but also leads to the creation of entirely new industries and markets.
- ❖ **Job Creation:** Small and medium-sized enterprises (SMEs), often founded by entrepreneurs, are major contributors to job creation. As new businesses emerge and grow, they require a workforce, thereby reducing unemployment rates and enhancing overall economic stability.
- ❖ **Adaptability and Resilience:** Entrepreneurs are inherently adaptable and resilient. They navigate uncertainties and challenges, learn from failures, and are quick to pivot when necessary. This ability to adapt is crucial in today's rapidly changing business environment.
- ❖ **Wealth Creation:** Successful entrepreneurship can lead to wealth creation not only for the entrepreneurs themselves but also for the society at large. Through the

creation of successful businesses, entrepreneurs generate income, taxes, and wealth that can be reinvested in other areas of the economy.

- ❖ **Community Development:** Entrepreneurs often contribute to the development of local communities. By establishing businesses, they can revitalize neighborhoods, provide essential services, and contribute to community well-being. Additionally, successful entrepreneurs often engage in philanthropy and support local causes.
- ❖ **Global Competitiveness:** Entrepreneurial activities contribute to a nation's competitiveness on the global stage. Countries with a vibrant entrepreneurial ecosystem are better positioned to compete internationally, attracting investment, fostering innovation, and staying ahead in the global market.
- ❖ **Diversity and Inclusion:** Entrepreneurship can promote

diversity and inclusion by providing opportunities for individuals from various backgrounds to start and grow their own businesses. This diversity can lead to a richer and more dynamic business environment.

- ❖ **Environmental Sustainability:** Entrepreneurs can play a role in developing and promoting environmentally sustainable practices. Green entrepreneurship focuses on creating businesses that are environmentally friendly, contributing to the overall sustainability of our planet.
- ❖ **Cultural and Social Impact:** Entrepreneurs often bring about cultural and social change by challenging traditional norms and introducing new ideas. They can be powerful agents for social progress, promoting inclusivity, equality, and social responsibility.

Institutions provides support for entrepreneurship in various levels of business

Sl. No.	Area	State Level Agencies	National Level Agencies
01	Project selection	SISI, DIC, IDC'S, IIC's, TCO's, SFCs, SIC, IC, IEB, PTC	CB, SIDO, CSIR, DEP, IIC, IFCI, IPB, NRDC, EDI
02	Registration and Licenses	CIF, DDCA, DIC, EB, GMD, SIC, WPCB, IC,LA, STC, TC	CECD, CCIE, ISI, IDC, MIC, NSIC, RC, RT, SC, DGTD
03	Finance	DIC, Bank, SFC, SIC, IICs, IDCs	CB, CEC, ICICI, IDBI, IFCI, NISC, SBI, DIC
04	Technical	DDCA, DIC, DJCII, TOCs, GMD	CIPET, CSIR, IIC, IIFT, MRDC, NSIC, RT, SBS, SISI, CITD, ICMR
05	Training	EDPs, SISI, TCDs, DICs	SBI, CB, CIPET, IRL, NISIET, IITs, NISBUT ,EDI
06	Infrastructure facilities	DIC, EB, IDC, LA	-----
07	Raw materials	DIC, MID, MDC, SIC, IC, STC	CCIE, MMT, MDC, SPC
08	Plant and machinery	DIC, IIC, SFC, SEC, IC, IDB	CCIE, NSIC, SISI
09	Marketing information	DIC, TCO's, SEC, SIC, RIMCO	DEP, DGSD, CCIE, IIFT, MID, SIC, ICMR, ICAR

Source: Veerabhadrapa H (2009) "Management and Entrepreneurship", New Age publication, New Delhi, pp 127-128.

2 Problem Statement and Study Significance

Institutional support plays a crucial role in fostering entrepreneurship and economic development. However, there are various challenges and problems that entrepreneurs may face in terms of institutional support like lack of proper planning, high rate barrowing funds, education and training,

infrastructure challenges, lack of subsidy component and improper marketing information, market access and networking, lack of hand holding support from the institutes are some of the major problems faced by the entrepreneurs in establishing their ventures. On the other hand, heavy competition from the well-established dealers, non-co-operation of financial institutions while repaying credit and insufficient cash on hand

while starting the business are the major problems in running the start-up ventures. Though numerous institutions are established to uplift the entrepreneurship and its growth in the state, it is not remarkable and existing schemes and benefits, credit assistance, other assistance and monitoring of scheme are not affordable to all potential aspirants to take up the ventures. With this background present study is intended to analyse the role of institutions, specifically in various stages of entrepreneurship and tried to support in eliminating the problems of entrepreneurs to reach them through timely assistance and action plans.

3 Objectives of the Study

The major objectives of the study are as follows.

- ❖ To analyse the credibility of support extended by various institutions in developing entrepreneurship in the state.
- ❖ To suggest the remedial measures for problems faced by entrepreneurs with respect to institutional support.

4 Methodology

- ❖ The study is explanatory in nature.

5 Scope of the Study

- ❖ The study covers One Hundred entrepreneurs who established their entrepreneurship in Shimoga, Sagara, Thirthahalli and Bhadravati taluks of Shimoga District.

6 Data Source

Primary data have been collected through personal interview schedule from sample entrepreneurs of Shimoga district while secondary data from relevant sources of books, journals, newspapers and e- sources.

Sample Design

Multi Stage Sampling Method is employed with Sample size of 100 entrepreneurs from 10 sample villages each from Shimoga, Sagara, Thirthahalli and Bhadravati taluks of Shimoga District.

Survey Period

The study period covers a span of four weeks during June 2023

7 Research Instrument

Structured and pre-tested personal interview schedule has been used

8 Data Analysis

The data collected were tabulated and analyzed by using percentage analysis.

9 Study Limitations

- Limited sample size of 100 from Shimoga district selected for study

10 Results and Discussion

Table 1: Support extended in various levels of business (n=100) (%)

Sl. No.	Nature of support	Excellent	Good	Neutral	Supports some extent	Not at all supportive
	Planning related					
1	Kind of enterprise to be established	0	0	35	45	20
2	Deciding location and infrastructure of the enterprise	0	2	20	28	50
4	Raw material procurement	15	20	20	35	20
5	Credit/financial information	25	35	5	25	10
6	Source of machinery & Technical know-how	10	25	5	40	20
	Production support					
8	Purchasing the machinery and equipment	10	10	15	35	30
9	Tie ups with supplier for raw materials	15	20	10	20	35
	Credit/finance assistance	9	45	6	25	15
11	Selecting the personnel	7	5	15	28	45
13	Upgrading of technology	0	15	15	30	40
15	Monitoring the progress	0	2	20	50	28
	Market support					
16	Conducting market survey	0	0	35	45	20
17	Identification of market channel	0	2	10	40	48
18	Information of melas, fairs, emporia's	15	40	20	15	20
19	Price fixing	10	10	22	23	35
20	Digital marketing	15	35	10	25	15
21	Publicity, advertising and promotion	20	45	5	10	20
22	Transport facilities	15	25	3	47	10
	Other Support					

23	Training and development	23	45	10	2	20
24	Assistance for research and development	18	12	10	35	25
25	Pest management, disease management, weeds management	05	57	15	13	10
26	Keeping Soil health and Cropping practices	07	08	20	43	22
27	Plant protection and Crop insurance	07	63	5	15	10
28	Post-harvest technology and feed and fodder management	10	25	5	40	20

Source: Field Survey

In order to collect the data questionnaire were distributed to selected entrepreneurs of Shimoga district. Since questions were asked to respondents about their opinion towards various support extended by institutions i.e. planning, production, marketing and other support. The result obtained with regard planning, majority of the respondents opined that support extended by institutions regarding kind of enterprise to be established is not adequate (45%) and not at all supportive for deciding location and infrastructure of the enterprise (50%), supports some extent for Raw material procurement (35%), Credit/financial information is good (35%), supports is not adequate for getting Source of machinery & Technical know-how (40%).

With regard to production, majority of the respondents opined that, support for Purchasing the machinery and equipment is not adequate (35%),

not at all supportive for Tie ups with supplier for raw materials (35%), Credit/finance assistance is good (45%), not at all supportive for Selecting the personnel (45%), not at all supportive for upgrading technology and some extent support for Monitoring the progress (50%).

With respect to marketing support, majority of the respondents opined that support for conducting market survey is not adequate (45%), and not at all supportive for identification of market channel (48%), support for Information of melas, fairs, emporia's is good (40%), not at all supportive for Price fixing (35%), had good support for Digital marketing (35%), Publicity, advertising and promotion is good (45%), and support for transport facilities are helpful some extent (47%)

Apart from the major support, the credibility of other Support are also measured and acknowledged the opinion from respondents as for support for Training and development is good (45%), Assistance for research and development is not adequate(35%),support for pest management, disease management, weeds management is good (57%), support for Keeping Soil health and cropping practices is good for some extent (43%),support for Plant protection and Crop insurance is good (63%), and support for Post-harvest technology and feed and fodder management is some extent (40%).

11 Major Findings of the Study

- ❖ It has been found that, planning support extended by institutions regarding kind of enterprise to be established is not adequate and not at all supportive for deciding location and infrastructure of the enterprise, supports some extent for Raw material procurement, support for getting Credit/financial information is good, institution support is some extent for getting Source of machinery & Technical know-how.
- ❖ It is observed that, production support extended by institutions for purchasing the machinery and equipment is not adequate and there is no support for Tie ups with supplier for raw materials, Credit/finance assistance is good, for Selecting the personnel no support extended by any institutions and no support available for upgrading technology and some extent supports for Monitoring the business progress.
- ❖ With respect to marketing support extended by institutions, it is found that support for conducting market survey is not adequate, and there is no support for identification of market channel and also it is identified that, support for Information of melas, fairs, emporia's is good, there is no support for Price fixing, but had a good support for Digital marketing, Publicity, advertising and promotion, and support for transport facilities are helpful some extent.
- ❖ Other support provided by institutions are measured and it is found that support for training and development is good, Assistance for research and development is not adequate, support for pest management, disease management, weeds management is good,

support for keeping Soil health and cropping practices is good for some extent, support for Plant protection and Crop insurance is good, and support for Post-harvest technology and feed and fodder management is not adequate.

12 Suggestions

- ❖ It is suggested that there must be proper assistance from institutions regarding kind of enterprise to be established, deciding location and infrastructure of the enterprise. For that the state government has to establish an institution which helps to locate the business in right way and also for procurement of raw materials and getting adequate machinery and technical know-how
- ❖ There is a need to create a government venture where right machinery and equipment are available at affordable price and there is need to create a hub for tie up for procurement of raw material and also setting up guidelines for selecting the right manpower to startup.
- ❖ Existing institutions have to analyse the periodical monitoring of business progress and also it is suggested to institutes to check the obsolescence of existed technology and need to support for upgrading it.

- ❖ It is suggested to existing institutes to support for startup to conduct market survey before launching the product so that market failure can be avoided and also extended support needs to be given for fixing the price of product, identifying the market channel and arranging of transport facilities
- ❖ It is suggested to established institutes to create adequate research and development centres which can help the entrepreneurs to upgrade the product and also extension programmes for Post-harvest technology and feed and fodder management is most essential.

13 Conclusion

To conclude, the limitations as expressed by sample entrepreneurs are many. There is an absence of institutional support with respect to many aspects of entrepreneurship startup like planning, production, and marketing and also with other areas. Since it is suggested that Policy makers and administrators of developmental departments, universities and other institutions involved in the rural development and extension activities to formulate suitable extension programmes and also there must be an intervention by the state government to make an adequate policies and need for

formation of special purpose vehicles (SPVs) which helps from gross root level of business. And also the existed institution meticulously needs to check the periodical progress of entrepreneurship so that it can be possible to evaluate the credibility of startups and possible to help them for any support needed. Addressing these institutional support challenges requires

a collaborative effort from governments, financial institutions, educational organizations, and other stakeholders. Policy reforms, streamlined regulations, targeted funding programs, and increased access to education and networking opportunities can contribute to creating a more supportive environment for entrepreneurship.

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