

A Study on Problems Faced By Small Business Owners in Thanjavur District

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Abstract

One of the most difficult and problematic things to do as a small business owner is to make sure they are managing their money correctly. There is a fine balance one needs to determine when allocating funds to the different aspects of their business, and this balance varies from business to business. If they own a small business, chances are that they don't have an abundance of extra money laying around for them to do whatever they like with. So they need to make sure that they are putting their money towards the right activities. Many businesses site their problems with growing revenue as directly related to being unable to capture funds from lending institutions because they are unable to grow with the business. For example, they need to hire employees but don't have the funds, but without the addition of new employees, they are unable to serve their growing customer base, and therefore are unable to actually make a better profit. To gain basic knowledge and to assess the scope of the study the researcher went through many literatures, accessed many websites and also books and discussions with eminent peoples who are doing small businesses for several days. Also conducted direct observations and talk with small business owners in various part of the study area.

Keywords: Small Business, Economy

Introduction

Small businesses are an important component of the economy. Generally defined as "firms with at least one and fewer than 100 people working for them" (Fiscal Policy Institute, 2012), small businesses contribute to the economic growth of a nation by providing goods and services to consumers. Moreover, they have a stimulative effect on the economy by creating employment opportunities to millions of workers. It is evident that small businesses play an integral role in both developed and developing economies. However, small businesses face numerous challenges. Small business owners often point to a range of issues when asked to identify the most important issues or challenges facing their businesses at a given point in

time. In a survey which focused on the challenges and growth strategies of small businesses conducted by accounting group Grant Thornton in 2002, three main findings were reported from 6000 independent small and medium business across 19 countries. Firstly, the major obstacles to business expansion faced by small business owners all over the world were the competitive environment, regulations/red tape, and the availability of a skilled workforce. Secondly, the major impediments faced by small business owners were the cost of finance and regulations/red tape. Thirdly, regarding international expansion, the main hurdles reported were bureaucracy, red tape and regulations, lack of knowledge about markets, and political and social instability. In another global survey carried out by consulting group Arthur Anderson in 2001, the majority of small businesses surveyed reported that finding and retaining qualified workers as the most significant challenge to growth and survival. Other major concerns for the small businesses surveyed in the study, in order of importance, were governmental regulations, economic uncertainty, keeping up with technology, and access to adequate capital.

Problems Faced by Small Business Owners

Small businesses are more than larger business, struggle with the ability to increase profit and sustain a viable cash flow. Cash flow never seems to be of concern for larger organizations, but smaller businesses always seem to struggle to increase their profitability on an annual basis. While larger businesses prioritize it below other, more pressing, concerns, companies are consistently seeking to increase their profit margins. However, the urgency seems to lessen as the company grows. It is one thing to want to grow their business, but at what cost. They need to be smart during growth, making sure they are not sacrificing quality of their product or service just for the sake of growth. Too many times do we hear about small businesses, known for their amazing quality and value, changing as they grow because they attempt to cut costs by compromising the integrity of their product. There is something to be said about having a killer marketing plan. No matter what kind of product or service they sell, their marketing plan can make or break their business. Marketing their business is a full-time job, full of focused management of different mediums and developing a wide range of exposure. When a small business attempts to implement a plan without a clear objective, the entire process ends up a huge waste of time and energy, of which would have otherwise have been applied.

Good marketing is not only about having the right plan, but also the right expertise and time behind the plan so that it is properly implemented so their business can be seen. Whether they hire someone in house to handle this role, or outsource their marketing to an external source, it is important that their business allocate the appropriate time behind their marketing strategy.

Problems Faced by Small Business Owners in Thanjavur District

After the repeated discussions from small business owners in Thanjavur District the researcher identified they are faced with many problems. Firstly, the problems faced by small business owners in Thanjavur District are meeting the competition. Competitiveness in large sectors is hindered because of a lack of human resource and development skills and access to adequate finance. Under such circumstances, in order for small business owners to maintain narrow profit margins, they are not able to introduce innovative improvements to products and processes which negatively impacts on their ability to take advantage of new market opportunities. Secondly, lack of business knowledge and skills, poor culture of enterprise, and the lack of available working capital. Thirdly, education and training were highlighted as important potential contributors to entrepreneurial development as they can help to bring about a differential advantage in a competitive environment. In addition, technology development and transfer were also emphasized. Lastly, the major problems faced by small business owners in Thanjavur District were identified as industrial policies and incentives favouring large businesses, difficulties in raising finance, lack of knowledge on government regulation, insufficient physical and institutional support infrastructure, and lack of technical and managerial business skills.

Objective of the Study

The main purpose of the study is to identify the problems Faced by small business owners in Thanjavur District and thereby to suggest such measures that would minimize the problems.

Methodology of the Study

Based on an extensive and literature survey, an interview schedule was prepared to responses about the main problems faced by small business owners. The sample members for the study consisted of small businesses owners who are living in Thanjavur. A number of

these peoples started their small businesses in various parts of the district. The referral sampling method (also known as snowball sampling method) was used to generate the sample for the study. Using this sampling method the sample is finalized as 306 respondents. The reliability of the data was analyzed by obtaining Cronbach's alpha. The calculated value of Cronbach's alpha for the data collected for the investigation was 0.77.

Table – 1 Rotated Component Matrix for problems in storage space

Storage Problems	Component					
	1	2	3	4	5	6
Own Space	.253	.151	.196	-.002	.001	.924
Space from friends and relatives	.946	.092	.165	.021	-.005	.140
Rented Space	-.031	.048	.020	.202	.973	.001
Leased Space	.136	.979	.098	-.003	.033	.097
Government Spaces Utilized	.229	.193	.903	.094	-.064	-.030
Cost of Maintenance	.964	.097	.098	.015	-.016	.093
Cost of Man Power	-.051	.046	.107	.962	.107	-.015
Cost of Safety	.946	.096	.166	.023	-.005	.138
Cost of Electricity	.136	.977	.098	-.003	.033	.097
Cost of Reshaping	.253	.151	.196	-.002	.001	.926
Sorting	.963	.097	.098	.015	-.016	.093
Handling	.230	.184	.905	.091	-.062	-.027
Re-packing	.158	-.090	-.113	.505	.190	.022
Security	-.051	.046	.107	.963	.107	-.015
Weightage Loss	.136	.974	.098	-.003	.033	.097
Dumping	.961	.097	.098	.015	-.016	.093
Pollution	.068	-.005	.499	-.068	.128	.166
Abuses	-.031	.048	.020	.202	.972	.001
In adequacy of Sheds	.945	.090	.165	.021	-.004	.140
Legal Provisions	.060	-.009	.489	.016	-.011	.220
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization. a. Rotation converged in 6 iterations.						

Source: Output generated from SPSS 19

Table – 2 Rotated Component Matrix for labour problems

Labour Problems	Component					
	1	2	3	4	5	6
A variability of desired man power	.235	.146	.899	.128	.026	.210
Efficiency of labour	.894	.069	.215	.117	.251	-.020
Problems of Un-skilled labour	.049	.106	.047	.198	.710	.603
Cost of labour	.140	.955	.117	.141	.018	-.078
Absenteeism	.176	.158	.064	.945	.140	.052
Employee compensation	.891	.085	.186	.111	.237	-.124
Lack of productivity	.071	.099	.262	.403	-.011	.044
Labour turnover	.707	.157	.091	.194	.063	.567
Union pressures	.140	.955	.117	.0141	.018	-.078
Working Hours	.305	.138	.824	.102	.301	-.175
Handling disciplinary cases	.784	.310	.027	.194	-.067	-.024
Managing Conflict between Owners	.180	.158	.068	.936	.135	.052
Managing Conflict with Co-Workers	.828	.062	.284	.122	-.039	.331
Cost of Permanent workers	.231	.050	.182	.132	.925	.000
Cost of Additional workers	.074	.787	.126	.142	.115	.456
Cost of Casual workers	.235	.146	.900	.128	.026	.210
Remedial Measures	.892	.069	.215	.117	.251	-.020
Incentives and bonus	.176	.158	.064	.944	.140	.052
Seasonal labour scarcity	.891	.085	.186	.111	.237	-.124
Surplus labour	.140	.952	.117	.141	.018	-.078
Knowledge of products	.305	.138	.824	.102	.301	-.175
Acceptance of challenging work	.828	.062	.284	.122	-.039	.331
Health Diseases	.231	.050	.182	.132	.925	.000
Substance abuse habits	.074	.787	.126	.142	.115	.456
Extraction Method: Principal Component Analysis, Rotation Method: Varimax with Kaiser Normalization.						

Source: Output generated from SPSS 19

Findings of the Study

- ❖ The dimension 'Problems in storage space' comprises 20 attitude statements. Out of 20 statements, six statements contribute more towards problems in storage space. The statements are 1)Cost of Maintenance, 2)Leased Space, 3)Handling, 4)Security, 5)Rented Space ,6)Cost of Reshaping , the 6 statements accounted for 86,686 percent of the variance in the original 20 statements. The remaining 14 statements contributed minimum towards problems in storage space (i.e) 13.314 percent of the variance.

- ❖ The dimension 'Problems in labour' comprises 24 attitude statements. Out of 24 statements, six statements contribute more towards problems in labour. The statements are 1)Efficiency of labour, 2)Cost of labour, 3)Cost of Casual workers, 4)Absenteeism, 5)Health Diseases ,6)Problems of Un-skilled labour, the 6 statements accounted for 89.842 percent of the variance in the original 24 statements. The remaining 14 statements contributed minimum towards problems in labour(i.e.) 10.158 percent of the variance.

Suggestions and Conduction

The small business owners ought to go into it with a clear set of objectives. Arrange for huge purchases early and carefully, so that they can be beyond any doubt it fits into their budget. It is difficult, especially for smaller businesses, to build up credit and provide financials worthy of securing business loans and lines of credit needed to grow. One of the most opportunistic options and best resources to solve this is using a small loan company that can provide you with the extra funds to solve these issues. Overall, the odds are stacked against small business owners. However, there are plenty of solutions to help these places flourish.

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