

10. A Study of Goan Entrepreneurs in Select Areas of Salcete Taluka

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Abstract:

Entrepreneurship is a process by which businessmen bring about change, innovate and quicken the process of development. Entrepreneurs come out with new ideas in order to tap the resources, bring about efficiency in the allocation of resources in order to enhance their profits. The rapid growth of new business ventures in Goa has triggered the idea of conducting a study on entrepreneurship in select areas of Salcete taluka of Goa. Primary data was collected using convenience sampling technique through a questionnaire from a sample of 200 respondents. Regression analysis was used to test the significance of the relation between annual taxes and annual profits of the entrepreneurs.

Keywords: Entrepreneurship, Innovation, Profit, Business, Markets.

1.1 Introduction

The word "entrepreneur" is derived from the French verb *entreprendre*, which means "to undertake. It refers to those individuals who "undertake" the risk of new enterprises. An entrepreneur is one who takes the risk in order to start a business unit. The outcome of the entrepreneur and the entrepreneurship is called enterprise. An enterprise is a business unit which is formed within the framework of entrepreneurship and produces various products and services, creates employment opportunities, raises national income, international trade and the wholesome development of the economy.

1.2. Literature review-

Steiner, Solem (1988) in their study found that prior experience in business is the key factor for success in small manufacturing businesses.

Dyke, Fischer, Reuben (1992) felt that management experience could be a very significant factor in achieving success in small businesses.

Hand, Sineath, Howle (1987) found that excellent business skills of entrepreneurs define success of business.

Chaganti, Chaganti (1983) found that factors such as innovativeness, creativity, and managerial excellence, led to success in business enterprises.

According to Zetlin (1994), small business owners feel that having a good product is very important, however, commitment to quality, innovation in marketing, maintaining good customer relations, and employing effective employees are other factors to the success of business enterprises.

Bird (1989) found out in his study that firms where owners had previous training and experience, who innovated, took risks were most successful.

Another study by Duchesneau, Gartner (1990), found that if an entrepreneur used a strategy based on his business experience, he is more likely to be successful in his business.

Hills, Narayana (1990) in their study found that factors such as good treatment to customers, good products, management skills, employee satisfaction, and the company's excellent reputation are the keys to business success.

O'Neill, Duker (1986) found that small businesses producing efficient high quality products and having low levels of debt and capital, were the ones that were successful.

1.3. Objectives of the study:

1. To study the form and type of business enterprises owned by Goan entrepreneurs.
2. To study the sources of finance used by the entrepreneurs for the business.
3. To study the annual profits of the business enterprises.
4. To study the annual taxes paid by the entrepreneurs to the Government.

1.4. Methodology of the study:

Primary data was collected from 200 respondents by using convenience sampling method from select areas of Salcete taluka with the help of a structured questionnaire. Secondary data was collected from books, journals, research articles and websites.

1.5. Data Analysis

The study relates to the economic aspects of entrepreneurs in select areas of Salcete taluka. The selected areas for the study include Aquem, Benaullim, Cavellossim, Chinchinim, Colva, Cuncolim, Curtorim, Margao, Navelim, and Verna.

Analysis of Gender classification

Table 1: Gender classification of Respondents

Gender	Percentage
Male	81
Female	19
Total	100

Source: Compiled from primary data

It can be observed from Table 1, that a total of 81 per cent of respondents are males and 19 per cent are females.

Analysis of Form of business

Table 2: Form of business

Form of business	Percentage
Sole Proprietorship	72.5
Partnership	27.5
Total	100

Source: Compiled from primary data

The study found that a total of 72.5 per cent of the entrepreneurs are Sole Proprietors, while 27.5 per cent of entrepreneurs are managing the business in a Partnership form.

Analysis of Premises of business

Table 3: Premises of business

Premises of business	Percentage
Owned	61.5
Rented	38.5
Total	100

Source: Compiled from primary data

From the study it was observed that a total of 61.5 per cent of the respondents owned the business premises while, a total of 38.5 per cent have rented the business premises.

Analysis of type of business

Table 4: Type of business

Type of business	Percentage
Retailer	36.5
Manufacturer	12
Services	51.5
Total	100

Source: Compiled from primary data

The study reveals that a majority of respondents i.e. 51.5 per cent, are involved in service business, 36.5 per cent are involved in retail business, and only 12 per cent are involved in manufacturing.

Analysis of Source of Finance for business

Table 5: Source of finance for business

Source of finance	Percentage
Savings	35.5
Family	26
Loan	36
Friends	2.5
Total	100

Source: Compiled from primary data

The study revealed that 35.6 per cent of the respondents obtained finance for their business from their savings, 26 per cent from their family, 36 per cent from banks, and a very few respondents, i.e. 2.5 per cent entrepreneurs got finance from friends.

Analysis of Annual profits of the entrepreneurs

Table 6: Annual profits of the entrepreneurs

Annual Profits	Percentage
Less than Rs. 1 Lakh	34
Between Rs. 1 < 2 Lakh	24.5
Between Rs. 2 < 3 Lakh	22
Between Rs. 3 < 4 Lakh	11

Between Rs. 4 < 5 Lakh	5
Above Rs 5 Lakh	3.5
Total	100

Source: Compiled from primary data

The study indicates that 34 per cent of the respondents make annual profits of less than Rupees one lakh, 24.5 per cent between Rupees one and two lakhs, 22 per cent between Rupees two and three lakhs, 11 per cent between Rupees three and four lakhs, 5 per cent between Rupees four and five lakhs and 3.5 per cent above Rupees five lakhs.

Analysis of Tax paid by the entrepreneurs

Table 6: Annual tax paid by the entrepreneurs

Annual Tax	Percentage
Less than Rs. 10,000	39
Between Rs.10,000 < 50,000	37
Between Rs. 50,000 < 1 lakh	24
Above Rs. 1 lakh	0
Total	100

Source: Compiled from primary data

The study revealed that 39 per cent of the respondents paid an annual tax of less than Rupees 10 thousand, 37 per cent between Rupees 10 - 50 thousand, 24 per cent between Rupees 50 thousand - One lakh, and none of the respondents paid an annual tax of above Rupees one lakh.

Regression analysis of Annual tax and Profits of the entrepreneurs

In order to understand the relationship between Annual Profits earned by the entrepreneurs and Annual Taxes paid to the Government in the study, a simple regression model was run it was decided to keep Annual Tax as the dependent variable and Annual Profits as the independent variable, since taxes paid by assesses depend on income and/or profits. Conducting the regression analysis, we find that there is a high degree of significance between annual profits and annual taxes.

Table 7: Regression analysis of Annual tax and Profits of the entrepreneurs

Regression Statistics	
Multiple R	0.9593
R Square	0.9203
Adjusted R Square	0.9199
Standard Error	8100.1
Observations	200

ANOVA

	df	SS	MS	F	Significance F
Regression	1	1.5E+11	1.5E+11	2286.957	1E-110
Residual	198	1.3E+10	6561.2375		
Total	199	1.63E+11			

	Coefficient	Standard Error	t Stat	p-value	Lower 95%	Upper 95%	Lower 95.0%	Upper 95.0%
Intercept	-9676.0728	989.194	-9.78178	1.1E-18	-11626.8	-7725.37	-11626.8	-7725.37
X Variable 1	0.20253944	0.004235	47.82214	1E-110	0.194187	0.210891	0.194187	0.210891

Source: Compiled from primary data

Table 7 shows the regression analysis of annual taxes paid to the Government and the annual profits of the entrepreneur. The R² is 92% which signifies that there is a high correlation between the two variables i.e. annual taxes and annual profits. It follows that changes in the taxes paid are due to the profit levels. It can also be seen that p-value as well as t-value are highly significant. F value is significant and the model is a good fit. The regression has high explanatory power and explains the model.

1.6. Conclusion

The entrepreneurship process is a course of action that involves all functions, activities and actions associated with identifying and evaluating perceived opportunities and bringing together of resources necessary for successful formation of new firm to pursue and seize the said opportunities. Once setup the process of entrepreneurship becomes a cyclical

progression of opportunities targeting and making strategic decision regarding the allocation of scarce resources in pursuit of value adding opportunities.

In the study it was observed that a majority of respondents are involved in service business, quite many are involved in retail business, and only a few are involved in manufacturing. The study also revealed that respondents obtained finance for their business from their savings, family, banks, and from friends. More than half of the respondents earned profits between one lakh and five lakh and above, as well as paid annual taxes to the Government.

We can safely say that entrepreneurship is the need of the hour for our youth. There is an urgent need and effort from the Government to encourage and tap this talent by providing the youth with skills, financial and administrative support in order to keep the flame of entrepreneurship among the youth burning.

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