

Globalization and Its Impacts of Small Scale Entrepreneurs with Special Reference to Kanyakumari District, Tamil Nadu

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Abstract- After the globalization started taking shape in the world and particularly in India, firms find it very easy to move into any international territory with their standardized product and services. Marketing of products and services require different degree of expertise in international domain, the traditional approach has to be modified and new ways must be adopted when dealing with international level of competition and quality specification. Marketing has become backbone of the business activities and this transition has taken place very rapidly. The interesting fact remain that the marketing is very consistent with sales and profits of firms. The main objective of the study is impacts of globalization in small scale entrepreneurs. The study is mainly based on primary data. The total sample size was fixed at 250.

Keywords: *Globalization, Impacts, Small Scale Entrepreneurs*

1. INTRODUCTION

Entrepreneurship has gradually been given tremendous importance especially in contemporary times when global economy is facing misbalance due to interconnected markets in the era of globalization. Rama (2003) considers, to be competitive in this era, especially developing economies have to rework on existing trade difficulties, eliminate the legal control, state owned enterprises should be privatized and over staffing in bureaucratic systems should be reduced and if these reforms are worked upon then the economy would encounter state of rising unemployment. Naidu (2009) advocates that India has 300 million youth and only 100 million jobs that are being created. This leads to an employment gap of 200 million. Substantial rise in unemployment rate has been observed from 6.8 per cent in the year 2001 to a whopping 9.6 per cent in the year 2011 (Punj, 2016). It has been presented that unemployment is negatively related to the rise in the strength of entrepreneurial ventures or entrepreneurship.

2. GLOBALIZATION

Globalization of economy may be defined as the further integration of national economy into global economy in which attention is given to all aspects of the problems related to the economy.

3. OBJECTIVES OF THE STUDY

- 1) To study globalization and its positive impact of small scale entrepreneurs in the study area.
- 2) To study globalization and its negative impact of small scale entrepreneurs in the study area.
- 3) To study problems faced by small scale industries in globalization era.

4. METHODOLOGY

The study based on both primary and secondary data. The researcher has selected the respondents on the basis of random sampling method. Respondents are selected equally from Kanyakumari district to the different status of the society as per random method. The sample size determined is 250 respondents. There are different types of statistical tools for analysis of the collected data and the important tools used in the present study are such as tables, percentage and SPSS.

5. DATA ANALYSIS

Globalization and impacts of SSI

Globalization is one of the most important aspects of our lives today. The globalization has two ways of impacts on small scale sector (ie), positive impacts and negative impacts.

Table.1: Positive impacts of SSE in Globalization era

Sl.No	Impacts	Mean Score	Std. Deviation
1	Use modern technology	4.45	1.380
2	Increase in Industrial production	4.76	0.802
3	Increase in Employment	4.74	1.295
4	Increase in the share in trade	4.81	0.812
5	Increase in the export	4.33	1.186
6	Reducing regional inequalities	4.26	0.891
7	Earn more income	5.02	1.436

Source: Computed data

It was found that the most important variable contributing to the positive impacts of globalization in small scale sector are the use modern technology, increase in industrial production, increase in employment, increase in the share of production, increase in export, reducing regional inequalities and earn more income. Among this, Earn more income (mean score 5.02) contribute first place and is followed by Increase in the share in trade, Increase in Industrial production, Increase in Employment, Use of modern technology, Increase in the export and Reducing regional inequalities with the mean of score 4.81, 4.76, 4.74, 4.45, 4.33 and 4.26 respectively. This situation shows that small scale sector, though being the smallest sector has a positive impact and an effective role in shaping the economy on Kanyakumari district. Positive impact being a advantages of small scale sector in Kanyakumari district.

Table.2

Negative impacts of SSE in Globalization era

Sl.No	Impacts	Mean Score	Std. Deviation
1	Exploitation of labourers	3.97	1.510
2	Raise in unemployment	4.06	1.296
3	Increasing child labour	3.64	1.581
4	Decrease in the growth of production	2.48	1.641
5	Dumping of other nations goods	4.39	1.679
6	Increasing imports	3.61	1.682

Source: Computed data

Table.2 shows that the most important variable contributing to the negative impacts of globalization in small scale sector are Exploitation of labourers, Raise in unemployment, Increasing child labour, Decrease in the growth of production, Dumping of other nations goods and increasing imports. Among this dumping of other nations goods (mean score 4.39) contribute first place and is followed by Raise in unemployment, Exploitation of labourers, Increasing child labour, Increasing imports and Decrease in the growth of production with the mean score of 4.06, 3.97, 3.64, 3.61 and 2.48 respectively. This shows the negative impact of small scale sector in Kanyakumari district.

6. PROBLEMS FACED BY SSIS

The SSIs have to face a large number of problems like lack of stiff completion from MNCs, lack of marketing support, poor industrial relations, delayed payment, increasing production cost, etc. The table.3 summarizes the mean scores awarded by the sample to some of the problems faced by SSI in a globalization era.

Table.3: Problems Faced by Small Scale Industries in Globalization era

Particulars	No	Mean	SD	t-Value	Df	Sig.(2-tailed)
Stiff competition from MNCs	250	2.3500	.93871	-5.290	248	.000
Exploitation of manpower	250	1.2667	.44595	3.205	248	.001
Lack of marketing support	250	1.8333	.99433	3.051	248	.002
Poor industrial relations	250	2.0917	.94622	.923	248	.357
Lack of technological upgradation	250	1.3500	.51503	-2.913	248	.004
Delayed payment	250	2.0000	.00000	3.491	248	.003
Increases the production cost	250	1.5667	.49972	1.211	248	.227
Government interferences	250	1.0667	.36204	2.718	248	.164
Lose Independency	250	1.4167	.76561	3.712	248	.211

Source: Computed data

Table.3 shows that the nature of problems faced by small scale units in the globalization era is largely different as shown by significant t-values for most of the item statements. In case of small scale industry, the major problems faced is stiff competition from large scale units and MNCs, poor industrial relations and delayed payment. The output of the SSI has to be sold in the overseas market and they have to match with the international standards. Therefore, the SSI have to faces stiff competition from MNCs. In Kanyakumari district, there seems to be a lack of awareness among the small scale entrepreneurs on technological upgradation, Stiff competition from MNCS, lack of marketing support and such related issues. So, these emerge as major impediments of the SSI engaged in export. The delayed payment in export entail long operating cycle. This will decreases the working capital requirements and also the profitability of these units.

7. FINDINGS

- The study shows that earn more income (mean score 5.02) contribute first place and its followed by Increase in the share in trade, Increase in Industrial production, Increase in Employment, Use modern technology, Increase in the export and Reducing regional inequalities with mean score 4.81, 4.76, 4.74, 4.45, 4.33 and 4.26 respectively.
- The study expresses that dumping of other nations goods (mean score 4.39) contribute first place and is followed by Raise in unemployment, Exploitation of labourers, Increasing child labour, Increasing imports and Decrease in the growth of production with the mean score of 4.06, 3.97, 3.64, 3.61 and 2.48 respectively. This shows the negative impact of small scale sector in Kanyakumari district.
- The study reveals that the nature of problems faced by small scale units in the globalization era is largely different as shown by significant t-values for most of the item statements. In case of small scale industry, the major problems are faced in stiff competition from large scale units and MNCs, poor industrial relations and delayed payment.

8. CONCLUSION

It is clear with the study that small scale sector plays a curial role in the Indian economy. Small scale sector employees contribute 38 per cent of Indian population, yet it contributes only 52.6 per cent of the GDP. After adopted globalization in 1991 Indian industrial sector growth rate increase at a reasonable rate, because input cost is low and output cost is high. The study further says that the modernization that we see around us in our daily life is a contribution of Globalization. Globalization has both

positive and as well as negative impacts on various small scale sectors of Kanyakumari district. The study concluded that globalization gives a favourable result in Kanyakumari district small scale sector. Further, it has been of little help in eliminating poverty and eradication of inequalities income distribution.

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