

# A STUDY OF INNOVATIONS AND INNOVATIVE APPROACHES OF MICRO AND SMALL SC ENTREPRENEURS IN KOLHAPUR DISTRICT

**Dr. Shrikrishna S. Mahajan,**

Professor and Head,  
Department of Commerce and Management  
Shivaji University, Kolhapur  
Maharashtra, India.

**T. A. Kamble,**

Asst. Professor,  
R. B. Madkholkar Mahavidyalaya,  
Chandgad, Kolhapur, Maharashtra,  
India.

## ABSTRACT

*Innovation is the specific instrument of entrepreneurship; the act that endows resources with a new capacity to create wealth. It is an essential quality of a successful entrepreneur. Innovative approach is an attitude of entrepreneur which generates and implements idea to produce new and improved products, processes and services. The success of innovations and innovative approaches are largely depending up on the entrepreneurial environment of an entrepreneur in which he is brought up. In India, where all the people are classified into various castes and religions which ultimately determines the occupations and scope of opportunities of any person, an entrepreneurial environment plays a significant role in determining and developing innovative approaches in them. On this backdrop, present research work is carried out with the major objectives to study the innovations and innovative approaches those are developed and deployed by micro and small SC entrepreneurs in Kolhapur district while running their enterprising activities. This study is also intended to know the problems in adopting new and innovative approaches while running their business activities.*

*For the purpose of this study, Universe is considered as infinite. Primary data is collected from 300 sample respondents in Kolhapur district by using purposive and Snow Ball Sampling Method. Findings and observations of this research study helps to understand the demographic profile of micro and small SC entrepreneurs and also provides in depth present information about innovation and innovative approaches of them. This exploratory nature of research study has identified some limitations on the basis of which specific suggestions are offered for further development in this regard.*

**Keywords:** *SC Entrepreneurs, Innovations, Innovative Approaches, Business Training, Socio-Economic and Entrepreneurial Environment Attitude of SC Entrepreneurs.*

### Introduction:

Micro and small size enterprises are the key component in Indian economy, as they contribute towards regional development and they play contributory role in support of large industrial sector. Their innovativeness, flexibility, adaptability are the base of whole industrial growth. Their positive contribution towards widespread development and less capital requirement are the basic characteristics of micro and small industries. (Desai & Vasant, 2010)

Broad based entrepreneurial class with innovations and innovative approaches are much needed requirement to accelerate the process of qualitative production which ultimately leads the higher rate of production and creation of huge employment opportunities. It also helps in improving the standard of living of weaker class of the society.

Innovation is an essential quality of a successful entrepreneur. According to Peter Druker, 'Innovation is the specific instrument of entrepreneurship; the act that endows resources with a new capacity to create

wealth' (Sujata & B., 2006). In the words of Michael Porter, 'Innovation is the central issue in the economic prosperity' (Sujata & B., 2006). Innovation is the spark of change that ignites the improvement and the progress in the state of things'. Michael Vance (Sujata & B., 2006), believes that, innovations is the creation of new or the rearranging of old in the new way'. Thomas Alva Edison is of the opinion that innovation is the ways to do better' (Sujata & B., 2006). Thus the innovation means doing the new things, producing the best results by focusing on available resources and potentials.

Innovative approaches of entrepreneurs produce the inventions in any industry by extracting economic values from the knowledge (Desai & Vasant, 2010). It generates and implements ideas to produce new and improved products, processes and services. It is also however true that, the success of innovations and innovative approaches are largely depending upon the entrepreneurial environment of an entrepreneur in which he is brought up (Ghurye & S., 1978). Such environment may be social, cultural, economic, political, legal, technological, etc. In a country like India, where all the peoples are classified into various castes and religions which ultimately determines the occupations and scope of opportunities of any person an entrepreneurial environment plays a significant role in determining and developing innovative approaches in them (John & Kunkel, 1970).

### Review of Literature:

While taking the review of related literature, in his research work, while expressing the relevance of caste, religion etc, with business he opined that, many entrepreneurs belongs to different religions and castes have engaged in their entrepreneurial activities (Barna & J., 1960). Despite their lower religious status, their strong wish of becoming successful entrepreneur, their education and training programmes, their consistent hard work and innovation made them successful entrepreneurs. There is certain relation between need achievement in youth and evaluation of entrepreneurship in society (Clelland & D., 1961). He further observed that, if the scientific training is provided to young and energetic entrepreneur, the way of his success get widened. The success and failure of small entrepreneurs and he observed that, apart from economic, technical, administrative factors, the family background, the social status of family and entrepreneurial education and training are the considerable factors, those are responsible for their success and failure (Ramkrishnan & P., 1971). Entrepreneurial skill and competencies of highly educated entrepreneurs are certainly more than the lower educated entrepreneurs (Ashok Kumar & S., 1988). Mahar people have left their traditional and unhygienic jobs, due to spread of education and they become conscious of their derogatory, menial work

and discarded social status as a result of inspiration from Dr. Babasaheb Ambedkar (Rahate & V., 1985). 75% of respondents, below the age group of 40 years were practicing modern jobs (Dahiwale & M., 1989). He further observed that especially chambhar community people are less prone to adopt modern jobs than other sub castes in SCs. His remarkable finding was that, respondents who possessed modern education, professional and vocational skill, have found easier to do modern jobs and those who remained still deprived off education are doing their traditional jobs.

Entrepreneurship Development Programmes (EDP) is much essential factor to develop skill, traits and competencies among emerging entrepreneurs, however he further observed that, despite of such EDPs, many entrepreneurs have failed to initiate their organizations due to lack of proper motivation and strong financial and other support to them (Saini & S., 1997). The education is much necessary for getting and enhancing knowledge (Kurme & Anjali, 1997). It is required to become elite of community. It breaches the social barriers and reduces the castesism. According to her observation, education helps to eradicate the superstition and blind faith. While expressing the importance of higher and technical education stated that, professional and technical knowledge certainly helps is creating entrepreneurs equipped with necessary innovative approaches and capabilities those required for success of any business (Deshmukh & Prabhakar, 2002). Development Programme for Self Employment (DPSE) a training activity of MCED in Sindhudurg district, was found unsuccessful, as 74% of the respondents opined that, DIC and MCED, do not provide specific and special training to them and also is a lack of planned syllabi, convenient time and venue for them (Kotwal & M., 2004). Post graduated respondents have better inter personal skill and innovative ability than lower educated people (Amarish & K., 2008). In study it is found that, the success status of Engg. Enterprises were not the result of parental occupation, but of their own merit (Bhanushali & G., 2009). There was a queer mixture of superiority and minority communities, excellence of person with higher technical education and better performance in the entrepreneurship in Kolhapur city. It has observed that, after 1980 many Dalit entrepreneurs have diversified themselves towards new, innovative and non-traditional occupations (S., 2010). The major source of their motivation was to obtain better dignity and self-respect in their life. It has found that, some inspired and motivated persons from socially and economically backward society gave up their dirty and non-profitable traditional activities and they have accepted challenges in industrial sector by initiating new and innovative business activities and made them successful (UNESCO, 2011).

**Scope and Significance of Study:****Geographical Setting of Kolhapur District:**

For the purpose of this research, Kolhapur district was selected as the area under study. Kolhapur district lies between 15<sup>o</sup>43'1" and 17<sup>o</sup>17'1" North latitude and 73<sup>o</sup>40'1" and 74<sup>o</sup>42'1" East longitude, which sprawls across the Deccan Plateau in the rain shadow region of Sahyadri mountain ranges on the southwest tip of the Maharashtra state (Dr. Ambedkar, 1946). Kolhapur district is surrounded by the Sangli district to the north, Belgaum district of Karnataka state to the east and south, Ratnagiri and Sindhudurg district to the west. Kolhapur district has an area of 7685 sq.km which is about 2.5% of the total area of Maharashtra. It comprises of twelve talukas viz Karveer, Hatkanagale, Shirol, Kagal, Panhala, Shahuwadi, Gaganbawada, Radhanagari, Bhudargad, Gadhinglaj, Ajara and Chandgad. Major SC sub castes in the district are Mahar, Mang, Dhor, Chambhar, Bhangi, Burud, Khatik and Neobudhist. The share of SC population in total population of Kolhapur district is 13.01% (Kolhapur State Gazetteer, 1931).

**Historical Backdrop of Micro and Small SC Entrepreneurs:**

According to Dr. Babasaheb Ambedkar Scheduled Castes (SC) people, previously known as untouchables in Hindu social system, is an important and major segment of Hind religion. They were suppressed socially, exploited economically and neglected politically from thousands of years from Hindu upper caste people. Majority of them were engaged in dirty, unhygienic and low paying traditional jobs. SC people and the entrepreneurs in this category had to leave in the past and are being lived in such a traditional and unhealthy environment even today. (Census of India, 2011)

**Significance of Study:**

Kolhapur is the district having strong platform for industrial and entrepreneurship development. Since the independence, there are many entrepreneurs successfully running their business activities and achieving their name and fame at national and international level. Availability of basic infrastructural facilities those are much needed for the development of micro and small industries, spread of technical and business knowledge, hardworking ability and attitude of searching new and innovative things have strongly supported for the industrial development in this region.

Considering the historical background of SC people in Kolhapur district micro and small SC entrepreneurs are now taking professional and skill oriented education and conducting new, innovative and highly paid modern business activities. Credit of this diversification goes to the courageous and

endless efforts of the great social reformers like Rashtrapita Jyotirao Phule, Rajarshi Chh. Shahu and Dr. Babasaheb Ambedkar in their social development and path finding guidance. Youth in marginalized communities are being encouraged and motivated continuously to do something better, innovative and respectful activities not only for their survival but also for their overall development.

Apart from many hardships, young SC entrepreneurs are conducting their business activities in and around Kolhapur district. This research was intended in knowing the innovations and innovative approaches those are developed and deployed by them in running their enterprising activities. This study was also intended to know the problems in adopting new and innovative approaches while running their business.

**Research Methodology:**

For this research purpose, following research methodology have been applied.

**Objectives of Research Study:**

- i) To study the historical background of micro and small SC entrepreneurs.
- ii) To study the innovative approaches of micro and small SC entrepreneurs in Kolhapur district.
- iii) To study problems of micro and small SC entrepreneurs especially in Kolhapur district while developing and deploying innovative approaches in their business enterprises.

**Hypothesis of Research Study:**

Micro and small SC entrepreneurs in Kolhapur district provide less concentration on innovative approaches in managing their business affairs.

**Research Designs and Selection of Samples:**

For the purpose of this study, the **universe** is considered as **infinite** and 300 samples among them are taken on **Purposive and Snow Ball Sampling Method** (Ranjeet & Kumar, 2012). The period selected for this research study was for 10 years i.e. from 2000-01 to 2009-10.

Primary data was collected from 300 sample respondents throughout the Kolhapur district with precise and structured interview schedule, at the same time observation and interaction method was also applied for this purpose. Apart from this secondary data was collected from library resources. This collected data have been analyzed with Likert Five Point Scale and presented with simple statistical techniques like percentage, average, central tendencies etc.

**Data Analysis and Interpretation:  
Demographic Profile of Micro and Small SC  
Entrepreneurs:**

Micro and small SC entrepreneurs are located throughout the Kolhapur district and majority of them (52%) are concentrated in four talukas viz Karveer, Hatkanagale, Shirol and Gadhinglaj taluka and remaining 48% are concentrated in all other eight talukas.

Out of eight SC sub castes, Mahar (46.5%), and Chambhar (30.5%) were found as major sub castes of micro and small SC entrepreneurs and remaining 23% respondents were belongs to other six SC sub castes available in Kolhapur district.

With regards to education level of micro and small SC entrepreneurs, it was observed that 85% respondent were found below graduation level and so far formal training is concerned, hardly 40% respondents could avail their training at different centers.

Majority of micro and small SC entrepreneurs (74%) have established their business organizations after the year 2001 onwards and rest 26% have established prior to the year 2001.

Fair numbers of micro and small SC entrepreneurs (47%) are engaged in service rendering activities followed by 31% in trading activities and remaining 22% are engaged in manufacturing activities.

Majority of micro and small SC entrepreneurs (56%) are found in rural area followed by 34% in semi urban area and remaining 10% are located in urban area.

Majority of micro and small SC entrepreneurs (85%) are belongs to first generation entrepreneurs and they are engaged in modern and non-traditional business activities and remaining 15% are engaged in traditional business activities.

Majority of micro and small SC entrepreneurs (77%) have invested capital below Rs. 5,00,000/- followed by 17% have invested between Rs. 5,00,001 to 25,00,000, 5% have invested between 25,00,001 to Rs. 1 crore and hardly 1% have invested their capital above 1 crore.

Majority of micro and small SC entrepreneurs (60%) have engaged employees in their business, those ranges between 1 to 5 and remaining 40% respondents are managing their business by themselves only.

Hardly (24%) respondents have availed the benefit of various government schemes and majority of them (76%) could not avail the same, due to an awareness

of them and also non-cooperation from the loan approving and financing authorities in this regard .

**Data Analysis and Finding with Regards to  
Innovative Approaches:**

Data is analyzed by using Likert Five Point Scale. The finding in this regards are-

Fair numbers of micro and small SC entrepreneurs (56.65%) could not introduce any kind of innovation in their existing products and product lines. It infers that most of the SC entrepreneurs are producing and selling their traditional products and there is no innovation in existing product line.

Among all sample respondents 51.41% micro and small SC entrepreneurs admitted that, they have introduced new technology while manufacturing their products. However in observation it was found that the nature of technology used is of a moderate nature. High-tech machineries and equipments are not affordable to them due to their poor investment capacity.

Majority of Micro and small SC entrepreneurs (54.25%) admitted that, they are applying innovative skills and strategies while marketing their products. It was further found that, they are more dependent on observation method rather than formal training method for obtaining necessary skills, traits and competencies for this purpose.

Among all sample respondents majority micro and small SC entrepreneurs (58.33%) admitted that they are not aware about new and innovative sources of finance in order to raise adequate and easy funds those required for their business. It means that, majority of them are depend upon their inadequate own funds as wells as loans from their close relatives and money lenders nearby them.

Majority of the respondents (60%) admitted that, in their business organization, they are not applying new and innovative business policies and strategies in order to encourage and motivate their workers so as to enhance productivity and capability to the required extent. In fact they are not aware in this regard.

Majority of the respondents (61.03%) strongly believe that, they are now development and deploying new and innovative policies as well as strategies to handle their customers effectively. However while in observation it was found that there was neither research based plan and policies nor special economic provision was made by the respondents in this regard.

Among all sample respondents, majority of them (57.80%) believe that, they have introduced recently

innovative approaches while managing their entire business affairs. It may be because of their awakening due to tough competition around them and need of growth and success in their existing business.

**Testing of Hypothesis:**

**H<sub>0</sub>** = There is no significant difference between expected innovations and actual innovations in business enterprises run by micro and small SC entrepreneurs in Kolhapur district.

**H<sub>1</sub>** = Micro and small SC entrepreneurs in Kolhapur district provide less concentration on innovation and innovative approaches in their business entrepreneurs.

**One Sample t- test:**

Variable	Numbers of Respondents	St. Deviation	SE Mean	95% Upper Bound	T Value	P Value	Result
Innovations in Business	300	3.5018	0.6895	3.4272	12.82	<0.0001	H <sub>0</sub> - Rejected H <sub>1</sub> Accepted

**Result:**

At  $\alpha = 0.05$  level of significance P value (<0.0001) is less therefore H<sub>0</sub> is rejected and H<sub>1</sub> is accepted. It means that micro and small SC entrepreneurs in Kolhapur district provide less concentration on innovations and innovative approaches.

**Major Problems of Micro and Small SC Entrepreneurs with Regards to Innovations and Innovative Approaches:**

Following are the major problems causing less innovations and poor innovative approaches

**Lack of formal business training:**

Most of the SC entrepreneurs could not obtained formal business training which is essential in enhancing skills, traits and competencies required for running their business successfully. It was also found that, many of them are relied up on observation of their seniors while performing their activities.

**Chalata Hai Attitude:**

Many SC entrepreneurs are lacking professional attitude towards managing their business affairs. Inadequate attention towards quality product, negligence towards maintaining healthy and harmonious relations with customers and other stake holders, failure in managing and utilizing scarce and precious resources in optimum manner causing major hurdle in the way of their development.

**Lack of adequate confidence and daring to take moderate risks:**

SC micro and small entrepreneurs are lacking adequate confidence and daring to take moderate risk in their business. It is mainly due to lack of business education, formal training and poor economic support.

**Poor marketing performance:**

With few exceptions, it was found that, majority of micro and small SC entrepreneurs suffering from firm and effective marketing strategies. Branding the product is uphill task for them.

**Lacking Researchable attitude:**

Majority of micro and small SC entrepreneurs are lacking researchable attitude in them, which is an essential element that leads to ultimate success.

**Lacking High achievement motivational aspect:**

SC entrepreneurs are comparatively less hungry for their success. They seem happy in the situation in which they are living.

**Lack of adequate and timely finance:**

Majority of SC entrepreneurs are finding difficulties in mobilizing adequate and timely funds. Even nationalized banks and government owned financial institutions do not keep faith in them.

**Major Remedies Suggested to Micro and Small SC Entrepreneurs:**

SC entrepreneurs are, suggested to give up their 'Chalata hai attitude' and serious attention should be provided on obtaining and applying advanced production and marketing skill and technique.

SC entrepreneurs are suggested to obtain formal and scientific training and Entrepreneurship Development Program (EDP), sponsored and conducted by Government and Non-Government Agencies which will help them to enhance their skills, traits and competencies. Apart from quality production, SC entrepreneurs are suggested to adopt new and innovative means of advertisement like television etc. which will help them to attract new and retain the old customers.

SC entrepreneurs should critically assess their strength, weaknesses, opportunities as well as challenges before them to realize and widen the scope of innovations and innovative approaches.

SC entrepreneurs should attempt honestly to update their existing skill and knowledge to cope up with the changing situations and improve their competitiveness.

**Conclusion:**

Though innovations and innovative approaches are much essential factors responsible for enhancing the growth and success of any business organization

today, SC entrepreneurs in Kolhapur district are not significantly aware about this quality of successful entrepreneurs. Due to many factors like low level of educations, lack of strong financial resources, absence of assured support of Government and Non-Government Agencies etc. SC entrepreneurs are far away from innovations and innovative approaches those are much essential for their success. Systematic plan of action, serious execution of planned work with devotion in this regard, strong backup of Government and Non-Government Agencies, will full and purpose full involvement of beneficiaries will certainly bring fruitful results. SC entrepreneurs who are equipped with hard working ability and sense of creativity certainly will have bright future to them in entrepreneurs' world.

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