Importance of Financial support to Start-up of firms in Shivamogga: An Empirical Analysis

Shalini B.N

Assistant Professor

Department of Commerce

Government First Grade College Thirthahalli

Abstract

The present paper examines the importance of financial support to start-up business entrepreneurship in Shivamogga. The main study of the paper is based on primary data collected from deferent entrepreneurs in Shivamogga. Chi-square test applied to test the association between dimension and perception analysis that irrespective type and nature of business activities, institutional finance has been played predominant role in establishment entrepreneurial activities.

Keywords: ***Entrepreneurship, Manufacturing and Perception***

Methodology:

The present study is based on primary data collected from two from deferent entrepreneurs in Shivamogga. Data collected from entrepreneurs those who have availed the loans from banks and other sectors. Raw data processed and presented in the form of cross tabulation. Chi-square test applied to test the association between dimension and the perception of entrepreneurs about the significance of finance in performance of entrepreneurship. Association accepted or rejected at five percent level of significance.

Perception on Institutional Finance:

Finance has been measured as serious factor in start-up of firm. Therefore, entrepreneurs have been asked to reveal their opinion about importance of finance in different aspects of firm and results obtainable below

Table 1: Importance of Finance to Repay High Interest Loan

(In Percentage)

Description	Within	Opinions				Chi-Square Test	
		Poor	Average	High	Very High	Chi-Square	Sig
Nature	Manufacturing	0	25	47.5	27.5	21.800	0.000***
	Service	20	50	27.5	2.5		
Type of Activity	Micro	20	52.5	25	2.5	24.467	0.000***
	Small	0	22.5	50	27.5		
Gender	Male	13.3	33.3	38.3	15.0	3.822	0.281
	Female	0	50	35	15		
Education	General	8.3	37.5	45.8	8.3	2.889	0.823
	Technical	12.5	40.6	28.1	18.8		
	Business	8.3	33.3	41.7	16.7		

Source: Field Survey Data, Computed by Researcher. Note: *** Significant at one percent level.

To repayment of high interest loan, finance relatively more important for manufacturing sector compared to service sector. Likewise, finance relatively more important for small scale enterprises compared to micro enterprises. However, finance has been equally important for both male and female entrepreneurs. Likewise, there has been no difference among different degree holders. Hence, finance play significant role in repayment of high interest previous loans of the enterprises.

Table 2: Importance of Finance to Improve Labour Standards

(In Percentage)

Description	Within	Opinions				Chi-Square Test	
		Poor	Average	High	Very High	Chi-Square	Sig
Nature	Manufacturing	0	27.5	47.5	25	22.800	0.000***
	Service	17.5	55	27.5	0		
Type of Activity	Micro	17.5	55	25	2.5	20.400	0.000***
	Small	0	27.5	50	22.5		
Gender	Male	11.7	40	35	13.3	2.958	0.398
	Female	0	45	45	10		
Education	General	8.3	37.5	50	4.2	6.516	0.368
	Technical	9.4	43.8	25	21.9		
	Business	8.3	41.7	41.7	8.3		

Source: Field Survey Data, Computed by Researcher. Note: *** Significant at one percent level.

To improve labour standards in the enterprise, finance relatively more important for manufacturing sector compared to service sector. Likewise, finance relatively more important for small scale enterprises compared to micro enterprises. However, finance has been equally important for both male and female entrepreneurs. Likewise, there has been no difference among different degree holders. Hence, finance play considerable role in improving labour standards of an enterprise.

Table 3: Importance of Finance to Avail Government Facilities

(In Percentage)

Description	Within	Opinions				Chi-Square Test	
		Poor	Average	High	Very High	Chi-Square	Sig
Nature	Manufacturing	0	25	50	25	19.570	0.000***
	Service	17.5	52.5	25	5		
Type of Activity	Micro	17.5	55	27.5	0	26.585	0.000***
	Small	0	22.5	47.5	30		
Gender	Male	11.7	35	38.3	15	3.249	0.355
	Female	0	50	35	15		
Education	General	8.3	37.5	45.8	8.3	1.906	0.928
	Technical	9.4	40.6	31.2	18.8		
	Business	8.3	37.5	37.5	16.7		

Source: Field Survey Data, Computed by Researcher. Note: *** Significant at one percent level.

To avail government facilities by an enterprise, finance has been relatively more important for manufacturing sector compared to service sector. Likewise, finance relatively more important for small scale enterprises compared to micro enterprises. However, finance has been equally important for both male and female entrepreneurs. Likewise, there has been no difference among different degree holders. Hence, finance play useful role in availing government facilities.

Table 4: Importance of Finance to Improve Environmental Standards

(In Percentage)

Description	Within	Opinions				Chi-Square Test	
		Poor	Average	High	Very High	Chi-Square	Sig
Nature	Manufacturing	0	22.5	47.5	30	16.153	0.001***
	Service	12.5	50	30	7.5		
Type of Activity	Micro	12.5	52.5	32.5	2.5	22.901	0.000***
	Small	0	20	45	35		
Gender	Male	8.3	36.7	36.7	18.3	1.969	0.579
	Female	0	35	45	20		
Education	General	4.2	33.3	50	12.5	9.505	0.147
	Technical	9.4	46.9	18.8	25		
	Business	4.2	25	54.2	16.7		

Source: Field Survey Data, Computed by Researcher.

To improve labour standards in an enterprise, finance has been relatively more important for manufacturing sector compared to service sector. Likewise, finance relatively more important for small scale enterprises compared to micro enterprises. However, finance has been equally important for both male and female entrepreneurs. Likewise, there has been no difference among different degree holders. Hence, finance play constructive role in improving labour standards in an enterprise.

- The financial institution should grant credit for expansion and modernization of business activities.
- Greatest difficulties in availing institutional finance are too much of formalities and procedures. Therefore, these formalities and procedures have to be minimized. Hence, the system of institutional finance could be improved by taking into consideration of these formalities.

Conclusion

The present paper analyzed the primary field survey data. Chi-square has been used for perception analysis. It has been found from the perception analysis that Irrespective and nature of business activities, institutional finance has been played predominant role in establishment

entrepreneurial activities. Therefore, institutional finance has been considered as major determinant of entrepreneurship development. However, there were hurdles and difficulties in availing institutional finance in the form of caste, eligibility, corruption, security and others. Entrepreneurs suggested removing these hurdles in order to improve the efficiency of institutional finance for entrepreneurship development.

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