



INTERNAL MANAGEMENT PROBLEMS OF MICRO ENTERPRISES IN AIZAWL DISTRICT, MIZORAM

KEYWORDS

Entrepreneurs, Enterprises, Micro enterprises, Internal management.

LALHUNTHARA

Assistant Professor Department of Commerce Pachhunga University College
College veng, Aizawl, Mizoram. Pin – 796001

ABSTRACT

Mizoram is one of the most industrially backward states in India. The entire state has been notified as backward and is categorised as 'No Industry State' due to non-existence of large and medium industries. Mostly micro enterprises exist in Mizoram while big industries are almost absent. Development of industries in the state is an uphill task as the investors remain fearful to invest here due to its topography, small size market, entry restrictions, low end infrastructure and such other related factors. Although opportunities exist to a great extent, the lack of vision and will to explore the opportunities hampers the industrial development. This paper aimed at identifying the internal management problems faced by micro entrepreneurs in Aizawl district, Mizoram. The self-assessment of the internal management problems confronting the entrepreneurs themselves was sought.

Introduction

The disadvantages due to topographical and geographical condition of the state of Mizoram coupled with underdeveloped infrastructure and transport bottlenecks are the main hurdles for the first generation entrepreneurs of the state to move towards industrialisation. The growth and performance of the manufacturing sector has been poor. The state has witnessed a low scale of migration of workforce from agriculture to non-agricultural sector. Business activities like tailoring, furniture making, automobile repairs, steel making, bakery, handloom weaving, blacksmithy etc, account for 80% of the total number of business enterprises in the state. Therefore, the micro enterprises have specific role to play in the context of the economy of Mizoram. This sector requires less amount of capital and low level of technical skill. At this juncture the Micro and Small Enterprises (MSEs) sector has specific role to play in the context of the economy of Mizoram.

Objective, data and methodology

The objective of this paper is to trace out the internal management problems of micro enterprises in Aizawl district, Mizoram. The study covers diverse range of micro enterprises in Aizawl district. Since it is an exploratory study, it is mostly based on primary data collected from the entrepreneurs of micro enterprises. As per the Third Census of Small Scale Industries (2001-02), there were 2718 registered small scale industries in Mizoram, out of which 2027 were in Aizawl district (1914 were in Aizawl urban and 113 were in Aizawl rural). Precisely all these enterprises constituted the population from which the sample for the purpose of the present study had to be chosen. The number of entrepreneurs engaged in activities like manufacturing, printing/publications, food processing, handlooms, tailoring etc are found to be abundant in Aizawl district of Mizoram. Almost 75% of the registered enterprises (2027 out of 2718) are located in Aizawl district. Therefore, it was thought that Aizawl district represents the whole of Mizoram. The size of the sample was fixed at 20% of the enterprises in Aizawl district. Accordingly, a total of 406 enterprises (383 enterprises in Aizawl urban and 23 enterprises in Aizawl rural) were covered. Then the sample was drawn by using random sampling technique. However, in the course of identifying the sample enterprises in the field study it was found that some of the enterprises were either non-functional or closed units. In such instances, those sample units were selected randomly again. Another practical problem faced at

the time of selection of sample units was relating to the nomenclature used in the records kept by the Directorate of Industries, government of Mizoram. In these records 'micro' and 'small enterprises' were not differentiated because such data were based on the nomenclature used prior to the enactment of the MSMED Act 2006. Hence the researchers had to take the difficulty of eliminating 'small enterprises' from the list with a view to confine to only 'micro enterprises'. It was to be noted that such type of small enterprises are very few in the data provided by the Third Census of Small Scale Industries in respect of Mizoram.

Information from the sample entrepreneurs was collected by administering a schedule. Data were collected at the place of work of the entrepreneurs. The data thus collected were further supplemented by unstructured interviews with the entrepreneurs.

The sample units drawn on the basis of random sampling technique fall under seven groups of business activities. They are: food processing, wooden, repair service, steel/metal, printing/publication, handlooms and tailoring.

Results and discussion

Unlike large organisations, supervision and control mechanism in small enterprises are more direct and informal (Cassell, et al., 2002; Jackson, et al., 1989; MacMahon and Murphy, 1999). The owner-entrepreneur plays an important role in managing human resources in small enterprises (Koch M.J., 1996). Employees are in direct contact with the owner-entrepreneur and are known to him personally. This is the reason that the entrepreneur's aspirations and tactics of the entrepreneurs shape the business culture of the enterprises (Marlow and Patton, 1993).

The problems faced by the sample entrepreneurs with regard to the internal management of the enterprise are given in Table 1.

Table - 1

Problems of internal management						
Problems	Entrepreneurs' ranking of internal management problems					
	Number one	Number two	Number three	Weighted score	Rating (%)	Rank

1	Lack of co ordination	33	31	14	175	20.3	2
2	Lack of communication	26	30	15	153	17.7	3
3	Lack of team work	37	29	11	180	20.9	1
4	Lack of leadership skills	13	17	8	81	9.4	6
5	Improper delegation of authority	21	11	45	130	15.1	4
6	Lack of work culture	21	12	14	101	11.7	5
7	Any other problems (Please specify)*	8	7	4	42	4.9	7
8	No. of entrepreneurs not responded	-	22	48	-	-	
Total		159	159	159	862	100.0	

Note: 247 enterprises were not facing any problems with regard to internal management. Other problems include lack of experience to deal with personnel.

Source: Primary data

It can be seen from the table that 39.2% of the enterprises were reported to be facing the problem of internal management. In fact, the problem of internal management is not a serious problem confronted by the enterprises under the present study. This is because of the fact that all the enterprises were micro and the number of persons employed by them was also small. It is to be noted that all the enterprises under the study were managed under sole proprietorship form of business.

Among the different problems of internal management, 'lack of team work' was rated as the most serious problem faced by the enterprises (20.9% of rating), followed by 'lack of co-ordination' (20.3% of rating), 'lack of communication' (17.7% of rating), 'improper delegation of authority' (15.1% of rating), 'lack of work culture' (11.7% of rating) and 'lack of leadership skill' (9.4% of rating). However, the problems of internal management faced by the entrepreneurs were more or less equally spread among all the enterprises.

Nearly half of the sample entrepreneurs indicated lack of team work as one of the three important internal managerial problems faced by them. Every single employee's performance in micro and small enterprises is more important than in large enterprises because the per person's influence on productivity and profitability of the entire organisation is higher in case of the former (Singh and Vohra, 2009). Almost 30% of the entrepreneurs in the present study indicated lack of work culture in their enterprises as one of the three important problems relating to internal management.

The problems relating to internal management of the business are interrelated and interdependent. For example, there can be no proper communication among the workers without the presence of proper spirit of team work. Since the entrepreneurs

themselves are the managers of the enterprise, their role is very important in handling their employees. Improper handling of the workforce through defective personnel policies may compel the entrepreneurs to be satisfied with less qualified and less efficient workers. This may create various problems such as labour turnover and absenteeism. In order to avoid or handle the problems relating to internal management of the enterprises, entrepreneur should possess adequate managerial and leadership skills.

Interestingly, about 24% of the sample entrepreneurs confessed that lack of leadership skills was one of the three important constraints faced by their firms relating to internal management. The leadership pattern of the owner-entrepreneur plays an important role in managing human resources of the enterprise. The owner-entrepreneur's aspirations and style of leadership in the formative years of the enterprise shape the work culture of the enterprise.

Role of training and development

When enquired about the reasons for not participating in any skill development or training programme, 38.5% of those who have not attended such programme admitted their ignorance or lack of awareness of training programme (Table 2). 28% of the entrepreneurs (91 out of 325) did not attend any training programme as they do not see any utility. About one-fourth of the entrepreneurs (82 out of 325) found it 'inconvenient' to attend training/development programme. Only 8.3% (27 out of 325) said they did not attend such programmes as it would be 'expensive' to attend.

Table - 2

Entrepreneurs' reason for not attending training and development programme			
	Reasons	No. of Entrepreneurs	%
1	Not aware of such programmes	125	38.5
2	Do not think useful	91	28.0
3	Expensive	27	8.3
4	Inconvenience	82	25.2
5	Other reasons (please specify)	-	-
Total		325*	100.0

*The remaining 81 entrepreneurs found an opportunity to attend a management development programme.

Source: Primary data

It may be suggested that any agency undertaking management development programmes to the entrepreneurs, should publicise the event by using mass media well in advance. Directly contacting the target groups of entrepreneurs by using 'right' people such as opinion leaders, leaders from business community and Non-Government Organisations (NGOs) would enable the entrepreneurs to take keen interest in training and development programmes. The agencies involved in conducting such programmes should make use of experts having practical knowledge. Some of the entrepreneurs said that if they think such programmes were useful, they can spare their time in attending the training programme and the problem of inconvenience will not arise. But because of the reason that they do not think useful, they don't want to waste their time in attending unnecessary training programmes.

Conclusion

Out of the micro enterprises confronting the problems internal management, the biggest problem was 'lack of team work' followed by 'lack of coordination' and 'lack of communication'. 80% of the entrepreneurs never participated in any skill development or training programme. Of a few entrepreneurs who attended such programmes, most of them were not satisfied with the quality of such programmes.

Thus, the problems faced by the entrepreneurs are multi-dimensional which can be solved by coordinated efforts of entrepreneurs, supporting institutions and government agencies without red-tapism and bureaucratic attitude. The entrepreneurs should be educated and proper training should be given so that the entrepreneurial mind would be strengthened. Therefore, the need of the hour is to strengthen the sector so that it could adapt to the liberalised environment and contribute to the state's economy.

It is also desirable for potential entrepreneurs to acquire few years of experience in the line of activity they intend venturing into. This would give them an insight into the functioning of a business enterprise and will therefore prepare them to better face the challenges ahead in the start up and management of their enterprises.

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