

# Entrepreneurial Efficiency and Profitability -A Comparative Study with Public and Private Sector Manufacturing Firms in Kerala

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## Abstract

*The principal aim of this paper is to study the entrepreneurial efficiency in terms of profitability between public and private sectors ISO Certified Large-Scale manufacturing firms in Kerala. Data for this study was collected using a Pre-tested questionnaire that was distributed to 60 ISO certified Large-Scale manufacturing firms (24 from public sector and 36 from private sector) in Kerala selected by purposive sampling method under non-random sampling technique from the database of Kerala State Industrial Development Council, Trivandrum. Two Top level managers (GM/MD/CEO's, DGM etc.) from each firm were the respondent of the survey. 120 top level managers are selected for the study from both sectors (48 from public sector and 72 from private sector). Mean scores and independent t test were used to analyze the collected data with the help of SPSS Software version 16.0. The study reveals that there is no significant difference in the entrepreneurial efficiency in terms of profitability between public and private sectors ISO Certified Large-Scale manufacturing firms in Kerala. It means the efforts taken the entrepreneurs of these two categories of organizations are same in terms of profitability. This paper presents new data and empirical insights into the entrepreneurial efficiency in terms of profitability in ISO certified Large-Scale manufacturing firm in Kerala.*

## Key words

*Entrepreneurial efficiency, Profitability, ISO certification.*

## Introduction<sup>1</sup>

Entrepreneurship is the development of a business from the ground up coming up with an idea and turning it into a profitable business. But while the definition of entrepreneurship may be simple, its execution is much more difficult. "Entrepreneurship is the journey of opportunity exploration and risk management to create value for profit and/or social good," said Ajay Bam, a lecturer at the Lester Centre for Entrepreneurship at the University of California, Berkeley's Haas School of Business. Bam said entrepreneurship entails recognizing the right opportunity, finding resources -such as funding and tools to pursue the opportunity and creating the right team to do so.

## Theoretical Framework

The capacity and willingness to develop, organize and manage a business venture along with any of its risks to make a profit. The most obvious example of entrepreneurship is the starting of new businesses. In economics, entrepreneurship combined with land, labor, natural resources and capital can produce profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace. Entrepreneurship is an important engine of growth in the economy.

No specific traits all entrepreneurs share, there are certain characteristics that most successful entrepreneurs possess, according to the University of Illinois Centre for Economic and Financial Education:

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- **Ability to plan:** Entrepreneurs must be able to develop business plans to meet goals in a variety of areas, including finance, marketing, production, sales and personnel.
- **Communication skills:** Entrepreneurs should be able to explain, discuss, sell and market their goods or services.
- **Marketing skills:** Good marketing skills, which result in people wanting to buy goods or services, are critical to entrepreneurial success.
- **Interpersonal skills:** The ability to establish and maintain positive relationships with customers and clients, employees, financial lenders, investors, lawyers and accountants, among others, is crucial to the success of the entrepreneur's business venture.
- **Basic management skills:** Even if entrepreneurs hire others to deal with the day-to-day tasks of the business, entrepreneurs need to know whether their company has the correct resources.
- **Leadership skills:** The ability to develop a vision for the company and to inspire employees to pursue it is imperative for success.

### Formulation of the problem and research questions

Entrepreneurship and economic development are intimately related. Schumpeter stated that entrepreneurial process is a major factor in economic development and the entrepreneur is the key to economic growth. Whatever be the form of economic and political set-up of the country, entrepreneurship is indispensable for economic development. Entrepreneurship is an approach to management that can be applied in start-up situations as well as within more established businesses. This economic development is depends upon the entrepreneurial efficiency.

So, the researcher wants to compare the entrepreneurial efficiency in terms of profitability of the organizations in public and private sector ISO Certified large-scale manufacturing organizations in Kerala. This study seeks to provide answer to the following research question

1. Is there any difference in the entrepreneurial efficiency in terms of profitability in public and private sector manufacturing firms in Kerala?

### Objectives of the study

To compare the entrepreneurial efficiency in terms of profitability of public sector manufacturing firms with private sector manufacturing firms in Kerala.

### Significance of the study

The existing literature has clearly shown that no large-scale empirical research has been systematically conducted to compare the entrepreneurial efficiency in terms of profitability of private and public-sector

manufacturing firms in Kerala. In order to bridge this research gap, a study in this area is truly needed. This study compares the differences of entrepreneurial efficiency in terms of profitability of public and private sector manufacturing firms in Kerala. The present study would help to analyse the entrepreneurial efficiency of the managers in public and private sector manufacturing firms in Kerala.

### Scope of the study

The study was conducted among the ISO Certified large-scale manufacturing firms both public and private sectors in Kerala, irrespective of nature of product produced.

### Methodology

#### Secondary data

The secondary data were collected from review of existing literatures and published sources such as information of enterprises, journals, articles, PhD thesis, websites etc.

#### Primary data

Primary data were collected from the Top-level managers of ISO certified, Large Scale manufacturing organizations in Kerala with the help of a pre-tested questionnaire.

### Research strategies

The study carried out with descriptive type of research. The survey conducted among the ISO certified Large-Scale manufacturing firms both public and private sectors in Kerala. Likert scale was adopted to measure the questions of organizational communications and employee satisfaction. The questionnaire has been designed on 5-point scale (Strongly Agree to Strongly Disagree). Purposive sampling method under non-random sampling techniques was adopted to select the organizations for the study both public and private sector undertaking. 60 organizations are selected as sample firms which contain 24 from public sector and 36 from private sector. 2 Top level managers (GM/MD/CEO's, DGM etc.) of each firm were the respondents of the survey. 120 top level managers are selected for the study from both sectors (48 from public sector and 72 from private sector).

### Tool used for data analysis

To compare the entrepreneurial efficiency in terms of profitability in public and private manufacturing firms in Kerala, the statistical tool, means and independent t test were used.

### Analysis

The following hypothesis was made to assessing the entrepreneurial efficiency in terms of profitability in public and private sector manufacturing firms in Kerala.

H<sub>01</sub>: There is no significant difference in the entrepreneurial efficiency in terms of profitability between public and private sector manufacturing firms in Kerala.

H<sub>1</sub>: There is a significant difference in the entrepreneurial efficiency in terms of profitability between public and private sector manufacturing firms in Kerala.

**Table 1:** Profitability of the manufacturing firm in Kerala

Attribute	Sector	Mean Score	T Value	P Value
Profitability of the manufacturing firm in Kerala	Public	3.76	.287	0.775
	Private	3.71		

Source: Primary data.

From the above table, the mean score of public sector organization is 3.76 and private sector is 3.71 which show that the entrepreneurial efficiency of managers in public sector is higher than private sector. Independent t test was conducted to confirm the null hypothesis which shows that the t value 0.287 is non-significant at 5 percentage level. It indicates that differences shown among the public and private sector are not statistically significant.

### Major Findings

The mean score of public sector organization is higher than private sector which shows that the entrepreneurial efficiency of managers in public sector is higher than private sector, but the differences shown among the public and private sector is not statistically significant. So it can be concluded that there is no significant difference between in the entrepreneurial efficiency in terms of profitability in public and private sectors manufacturing firms in Kerala. In brief, efforts taken by the entrepreneurs of these two categories of organizations are same in terms of profitability.

### Suggestions

The mean score of public sector organization is higher than private sector which shows that the entrepreneurial efficiency of managers in public sector is higher than private sector. Even though it is statistically non-significant, a slight difference can be seen in mean score. it indicates that public have to be improved more.

### Conclusion

The principal aim of this paper is to study the entrepreneurial efficiency in terms of profitability between public and private sectors ISO Certified Large-Scale manufacturing firms in Kerala. The study reveals that there is no significant difference between the entrepreneurial efficiency in terms of profitability between public and private sectors ISO Certified Large-Scale manufacturing firms in Kerala. It means the efforts taken by the entrepreneurs of these two categories of organizations are same in terms of profitability.

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