



## **ROLE OF BUSINESS INCUBATION CENTRE'S IN PROMOTING ENTREPRENEURSHIP IN TAMILNADU**

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### **ABSTRACT**

*Stressing the need for more and more youths to become entrepreneurs, the government and social thinkers take initiative to remove the hindrance including systematic. He expressed hope that the state government would recognize the importance of entrepreneur development and take radical initiatives such as a separate ministry for encouraging and nurturing the entrepreneurship. If the obstacles were removed, the state would emerge as a ranked place for ease of doing business. Business incubators are the professionals and they are giving entrepreneurial motivational training to the young students. These incubators can procure all the required essential factors like financial assistance agencies, technological guidelines, marketing strategy for business development etc. the present study is an attempt to know the role of business incubators in Tamilnadu.*

**Keywords:** *Business incubation centre, Entrepreneurship, MSME*

### **1 INTRODUCTION**

The growth of the Indian economy lies on entrepreneurs. There is a need for developing entrepreneurship among the students from the starting of the education. In addition to the students exposed to education, they should be equipped with the entrepreneurship skills through promotion schemes and program like business incubators. The business incubator program should develop young entrepreneurs. This not only offers self-employment but also teaches to earn at young age. The potential skills of the students should be identified and tap their knowledge and mould them to start their own business after their education. Several entrepreneurship development programs should be organized in the educational institutions to promote the students to actively start their entrepreneurship at young age. The innovative ideas and technological skills could be materialized in to the business. The Business Incubation Centers have been receiving increasing attention as a tool to promote entrepreneurship, both in the developed and developing countries. They have become an



integral part of the business assistance framework to offer critical support to newly formed enterprises. Recognizing its importance, all major stakeholders are trying to define, identify, measure, formulate and evaluate various aspects related to these programmes. Business incubation initiatives have arisen especially over the last decade with varying degrees of success in different parts of the world. Many countries including India are still experimenting with it to foster entrepreneurship. While the Indian Government is trying to aggressively promote entrepreneurship, the entrepreneurs continue to face numerous challenges and the new venture failure rate is very high. Entrepreneurship by providing comprehensive and integrated support to the entrepreneurs, thereby reducing the new venture failure rate substantially and they are capable of surviving on their own after exit from the incubator. At the macro level, they regenerate public confidence in entrepreneurship and help create an entrepreneurial environment. Ministry of Micro, Small and Medium Enterprises (MoMSME) promotes the development of micro and small enterprises in the country with the objective of creating self-employment opportunities and upgrading the relevant skills of existing and potential entrepreneurs. The main objective of the Business Incubation is to help the students to start their own business by supporting financially on their- projects. They also receive exemptions from taxes and are protected from undue competition from big business. The Development Institutes for imparting entrepreneurship and skill development training.

#### **REVIEW OF LITERATURE:**

This shows that incubators have the capacity to stir development in the surrounding neighborhood based on experience with Silicon Valley in the USA and Tel Aviv in Israel are surrounded by universities, Science and innovation parks. When Stanford University in the USA had challenges getting firms where engineering graduates could have hands on experience, the university encouraged partnerships with graduating students to start businesses out of innovative ideas to provide a vehicle for engineering graduates internship opportunities in San Francisco<sup>[1]</sup>.

Business Incubation is a model of building entrepreneurial capacity; it provides start-ups with networks for building relationships. Incubators offer training, business support, technology support, infrastructure and mentoring<sup>[2]</sup>. These elements are crucial in survival of start-ups without much capital to develop into a full fledged enterprise. A study by Meru et al. (2011)<sup>[3]</sup> to establish entrepreneurs' perception on business- incubators importance in Kenya, reported a significant relationship although there was disconnect between the actual services delivered and the expectations of the tenants<sup>[4]</sup>. The services delivered fell short tenants expectations.

Noting that majority of the citizens prefer civil service jobs to entrepreneurship<sup>[5]</sup>. Studies in Brazil reveal that Incubators in Brazil have been relatively successful due to bench marking for excellence with focus to specific industries, strong monitoring and Evaluation of tenants'



progress and lastly move towards financial viability and sustainability after 3 years post establishment. The infrastructure is further linked to access to finance, export orientation and employment creation [6].

#### **IMPORTANCE OF THE STUDY:**

In a country that is home to a third of the world's poor, promoting social enterprise has many potential benefits. Social enterprises can make essential goods and services like healthcare and energy more affordable. In turn, this can improve wellbeing and contribute to economic development, particularly in rural areas. So through the products and services they sell and the inclusive ways, in which they operate, social enterprises have the potential to reduce poverty and inequality and while in these possibilities have captured the interest of funders and investors looking to tackle poverty. Over the last decade, an increasing number of 'impact investment' funds have emerged, backed by donor agencies, philanthropic funders, corporate, private investors and governments. These funds typically look to invest in high-growth ventures that can generate financial returns - sometimes at full market rate - alongside social impact. Yet it is widely recognized that there is now more investment on offer than social enterprises ready to take it on. Most social enterprises are too early stage, and high-risk, to be attractive to investors. As a result, those looking to promote social enterprise have started to consider what can be done to bring forward more investible social ventures. One option is to fund incubators to support early-stage social enterprises to improve their chances of survival and growth.

#### **NEED OF THE STUDY:**

Stressing the need for more and more youths to become entrepreneurs, the government and social thinkers take initiative to remove the hindrance including systematic. He expressed hope that the state government would recognize the importance of entrepreneur development and take radical initiatives such as a separate ministry for encouraging and nurturing the entrepreneurship. If the obstacles were removed, the state would emerge as a ranked place for ease of doing business. The Business incubators are the professionals and they are giving entrepreneurial motivational training to the young students. These incubators can procure all the required essential factors like financial assistance agencies, technological guidelines, marketing strategy for business development etc. the present study is an attempt to know the role of business incubators in Tamilnadu.

#### **STATEMENT OF PROBLEM:**

Despite the numerous resources invested in incubator programmes by government and private organizations, their impact on entrepreneurs is not well documented, especially in the

context of South India- Tamil Nadu. Studies on incubator–incubates challenges are quite limited. Although there has been an upsurge in the number of such studies in recent years, the discourse is still one-sided with emphasis on the needs and challenges of incubates. Attention is yet to be given to the challenges that business incubators face as they strive to support incubates, even though unconditionally expect the best results from the former.

#### **OBJECTIVES OF THE STUDY:**

- ❖ To study the origin and role of business incubators in development of entrepreneurship
- ❖ To find out the problem faced by the business incubators in Tamilnadu
- ❖ To know effectiveness of training given by the business incubators for the entrepreneurship development programme.

#### **METHODOLOGY:**

The present study is in descriptive in nature. It covers whole Tamilnadu state as an area of study. So it has infinite Universe. It is calculated from the sample calculator in online and get answered as more than 100 to be as sample size. Here the there are 20 districts in Tamilnadu includes of Chennai, Madurai, Coimbatore, thirunelveli and Salem. Each district is selected of 20 samples for the study.

#### **DATA ANALYSIS AND INTERPRETATION:**

**Table 1**

##### **Business Incubators in Development**

Number of Incubators	Period
6	2007
3	2008
3	2009
4	2010
11	2011
15	2012
8	2013
12	2014
14	2015
11	2016

**Source: Primary Data**

Interpretation: The Table 1 shows about the business Incubators development that Respondent prefer to year of development high level for the (2012) 15% of the business incubation of entrepreneur.

**Table 2**  
**Problem faced by the business incubators**

Item	Mean	Standard deviation	$\alpha$
Problem focused the coping	35.80	7.00	0.88
Seeking social support	24.91	6.31	0.87
Suppressing competitive activities	11.70	2.76	0.67
Touring the Religion	12.70	3.16	0.84
Work engagement	73.01	19.64	0.94

**Source: Primary Data**

Interpretation: Table 2 shows the 35% Of the respondent's problem faced on the coping and 24% of the respondents social supporting problems and 11%respondent for the suppressing competitive activities faced an the problems for the entrepreneur.

**Table 3**  
**Programme of Training and Development**

Programme	Percentage of Business rating the program
Capital Access Training	55%
Professional support services connections	44%
Investor Connections	40%
Customer connection	20%
International customer Connection	3

**Source: Primary Data**

Interpretation: Table 3 shows the Training performance and development for the entrepreneur programme at the capital access training 55% and professional support services connection44%and investor connection 40% then customer connection 20% for the international customer connection 3% for the programme and Training and development for entrepreneur.

**FINDINGS:**

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- ❖ The study shows that 15% of the business incubation in the higher Level.
- ❖ It is found that problem faced on the 35% and social support 24% and competitive activities 11.70% and working engagement 73% in the study.
- ❖ The study shows that capital access training 55% and support and services connections 44% and the investor connection 40% and customer connection 20% for the programme and training and development and study.

## CONCLUSION

The number and range of incubators in India has grown rapidly over the last five years. Being part of an incubator or accelerator can play a huge role in growing entrepreneur startup. While startup sectors like e-commerce are thriving, this has prompted some to question whether there are opportunities to further harness some of this entrepreneurialism towards more explicitly social goals. Incubates were relatively satisfied with the range of services provided to them. Suggestions for improvement in services included marketing support, admission procedure, business advice, and technical support, release of funds, manufacturing processes support, and business counseling. As the incubator concept has evolved, the range of services offered by them has greatly expanded from providing basic equipment to a broad spectrum of professional services. The quality, range, dependability, and accessibility of these services attract entrepreneurs to an incubator and ultimately help them nurture their entrepreneurial ventures successfully.

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