



OPEN ACCESS INTERNATIONAL JOURNAL OF SCIENCE & ENGINEERING

ENTREPRENEURSHIP IN MIZORAM WITH PARTICULAR REFERENCE TO AIZAWL

Lalthanpari

Research Scholar, Department of Economics, Mizoram University, Mizoram 796004, India
lalthanpari19@gmail.com

Abstract: The study aims to i) examine the type of jobs/businesses start-up entrepreneurs are engaged in, ii) to examine their employment generation, iii) to examine the socio-economic trade-off between government jobs and entrepreneur's and limitations faced by these entrepreneurs. Purposive sampling used for selecting the samples and primary data samples taken were from within Aizawl city areas among entrepreneurs aged between 25 - 40. Results showed that these entrepreneurship can serve as a primary job, they are the driving force for the economy as they generate a good amount of tax for the government, provide employment and promote skill development for the work force

Keywords: *Entrepreneurs, employment, skill development, tax.*

I INTRODUCTION

Entrepreneurship could mean different things to different people. Some imagine tech geniuses with Silicon Valley startups while others picture small business owners opening up their shop doors on Main Street and so on and so forth. Low and MacMillan (1988) stated that entrepreneurship is a multifaceted phenomenon that cuts across many disciplinary boundaries. Since entrepreneurs are one of the factors of production in an economy, they are responsible for the combination of factors of production by capital formation, creating employment opportunities, wealth distribution and that facilitates economic growth and development.1

Entrepreneurs are very much needed for economic development - they are leaders who invent innovative ideas and sparked the economic activities. Economic growth is a long term expansion of the productive potential of the economy and therefore entrepreneurship being one of the factors of production has the scope in solving unemployment when the government jobs could not absorb all applicants and not only that it can directly and indirectly raises the living standards of the nation. This makes entrepreneurship a key determinant of sustainable growth in modern time.

The necessary qualities of an entrepreneurship are formal educational background because an entrepreneur must bring together many different resources at the least cost and must make a proper survey of the market to form a structured functioning of his/her business and at the same time update

skill with paper works which may be online or/and offline - as per technological improvement, improved communication skills, experience, family and social support along with wise risk takings. Given these conditions the external factors such as government and social welfare stability play an important role for the smooth functioning of the entrepreneurs.

As per the study, entrepreneurship may be defined as individual(s) who make their own income/profit generation through risk taking activities from the manufactured goods/ natural endowment within a time period.

The study aims i) to examine the type of jobs/businesses start-up entrepreneurs are engaged in, ii) to examine their employment generation of the educated and uneducated within the setup and positive externality enjoyed by the employer and employee, iii) to examine the socio-economic trade-off between government jobs and entrepreneur's and limitations faced by these entrepreneurs.

II METHODOLOGY

Purposive sampling was used for selecting the samples. Primary samples taken were from within Aizawl city areas and sample size is 11 and age varied between 25 and 40 using scheduled questionnaire of multiple choice options. Period of the study is solely the date of the interview but the period of business undertaking for the entrepreneur is from the date of start-up till present date. Primary data from scheduled questionnaire analysed using averages and percentages

III LITERATURE REVIEW

Following are the literature reviews of entrepreneur across the globe :-

Lazear(2005) study examined on whether entrepreneurs differ from specialists in that entrepreneurs have a comparative disadvantage in a single skill but have more balanced talents that span a number of different skills. Results showed that entrepreneurs are individuals who are multifaceted and as a result, entrepreneurs tend to be more balanced individuals.

Sullivan(2007) study examined on whether city support could stimulate social entrepreneurship within American cities and surveyed senior managers of 544 U.S cities with populations over 50000 and received responses from 202 of these city managers. Results showed that governmental support enhanced both the frequency and quality of social entrepreneurship.

Mars et al (2009) study examined on how researchers conceptualized entrepreneurship in five leading higher education journals. The five journals include The Journal of Higher Education, Higher Education, The Review of Higher Education, the Journal of Higher Education Policy and Management, and Research in Higher Education. Results showed that there is a paucity of attention paid to the conceptual and theoretical underpinnings of entrepreneurship within higher education scholarship.

Klapper, L.F et al (2011) article reviewed the literature on the relationship between entrepreneurship and economic development and introduces four symposium articles. In particular, the articles address some of the key information of new and young firms which is an endemic barrier to entrepreneurship worldwide. The articles suggest that policymakers need to recognize the importance of relaxing information asymmetries to promote high-growth entrepreneurship that can contribute to job creation and macroeconomic growth.

Rasool et al(2012) study was to identify the role of education, research and development activities that significantly explained the entrepreneurial potential and skills and to examine the impact of those entrepreneurial skills on economic growth and employment. Micro panel data approach with different economic models and econometric estimation techniques (stepwise least square with forward selection method and pooled least square with random and fixed effects) was used.

The panel data included the observations of eight upper middle and lower middle income countries over the period between 2005 - 2011. Results showed that secondary education, R&D expenditures, government consumption activities, government stability and per capita growth have indirect impact on change in employment through entrepreneurship activities.

IV FINDINGS AND CONCLUSION

Table 1: Observation per entrepreneur from field survey in Aizawl city

Occupation	Tailor	Unisex beauty saloon	Departmental store	Mobile phone dealer/repair	Electric distributor and dealers	Hardware distributor and dealer	Furniture workshop	Internet service provider	Aluminium fabrication	Piggery	Poultry
Educational level	Grduate	12th	12th	12th	Graduate	Post graduate	Graduate	Graduate	12th	Post graduate	Graduate
Number of employ ee	4	9	1	10	3	2	40	27	5	-	-
Educational level employ ee	8th,10th	10th, 12th	12th	10th, 12th	10th	10th	10th	12th, graduate	10th	-	-
Register	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No

d											
Average profit per month	60000	35000	50000	70000	150000	300000	200000	300000	75000	20000	12000
Working hours	8.5	8	14	9	10	10	10	12	8	6	5
Duration of businesses (years)	15	12	17	8	4	2	7	5	4	1	1
Financial backup	own	own	parents/own	loan/own	parents/loan	parents/loan	loan/own	parents/own	parents/own	own	own/bank

Source: Field survey, 19th March 2017

Results showed that these entrepreneurs are mostly engaged in the service sector using manufactured goods except for 2 persons who are engaged in livestock production, i.e., piggery and poultry. Their occupation varied significantly from owning beauty parlour to internet service provider to livestock ownership. Most of them were registered under the taxation department, Government of Mizoram and assuming they are non-tax defaulters, they help generate income for the state government through their transactions monthly. As per interview questionnaire, some of the financial backup had been made from previous work experience savings(categorised under own) and from parents/loan to gradually through own profit regeneration. These entrepreneurs possessed formal educational background where the least have 12th class background and the highest with post graduate while majority of those employed under them do not possessed a standard educational background though in some cases there were graduates as well, this definitely has an impact on their monthly employee salary but in some cases it has been done as per their productivity. Their employment generation has been good where every entrepreneur hired at least one employee to maximum 40 employees. The absence of these entrepreneurs would basically mean these hired people would be unemployed, ceteris paribus. Positive externality were produced by the entrepreneurs as well besides generating employment from their business set-up. There were people who took up smaller business from these entrepreneurs itself through their products to be resold in other smaller localities market area or non-market area and to other districts where in turn they would hire at least one or two or more persons and thus making the market competitive.

Income/profit generation by these entrepreneurs had been good where the average profit per month calculated is at Rs. 1,26,1090 especially when compared to their period of setup their profit has been really good and in some cases compared to state governments jobs with the same age and educational qualification even though disposable income/profits are subject to fluctuations whereas in government jobs it is fixed. But in terms of social obligations since most of them are between 25 and 40 age group and that they are required to be active in the society .i.e., Young Mizo Association as per traditions but since their working hours on average is 9 hours per day, sometimes had to comprise with their social obligations otherwise it would become hectic.

In the case of entrepreneurs, the more efficient/productive they are the more profitable it is and this type of employment is good to make it a primary/main source of income. The risk involved is low for most of the businesses as these entrepreneurs do not sell on credit terms and damage goods can be replaced and refunded as per from the main source except for livestock where risk is high but profit is really good (as most of the people in Mizoram are non-vegetarians) but this too as per survey, depends on your financial resources to cover the risks. Entrepreneurship very much promote skill development in terms of repair, carpenters, plumbing, electricians etc. where in the case of the furniture workshop owner School of Woodland/Wood work for skill development would be soon set up as he has been already given permission by the Government of India and would be the first initiative in India to be set up in Mizoram where 5 years course is to be offered so as to promote entrepreneurship of its kind. These entrepreneurs have been keeping the economy of Mizoram active with their activities as with more economic transactions more profit and more tax collection by the government and their undertakings have been good at solving the potential unemployment these hired

employee could face had there been no entrepreneurs, which otherwise would make the economy very stagnant.

With particular reference to two enterprises that claimed distributorship and dealer dealings in two divisions of product of manufactured products for electric and hardware division and the second enterprise deal with wood works. The variation in profits could be seen easily according to the demand of the goods though they are different in terms of categories. The first is a medium enterprise while the second is a small enterprise. Their tax contribution is approximately at Rs. 500000 per quarter for the manufactured and no tax collection for carpentry before and after GST. After GST, taxes are paid directly at the time of transactions when orders are made, the more volume ordered the more taxes will be paid thus accordingly. With the introduction GST, as per the first enterprise, its easier as the hassles of going to taxation department is reduced. The problems with entrepreneurship is that it has not been valued by the people of the state as how it is supposed to be in terms of primary occupation. Only some selected people value it so far. Generally government jobs are preferred perhaps because it is less risky and easier and mentally satisfies the people of older generation, otherwise it might be the only way out for a state like Mizoram where it could clear its debt given its expenditure more than its income, therefore promoting entrepreneurship is a crucial step for economic development. Also one of the problems which entrepreneurs face is the entry of people from those who have large sum of money from illegal activities, such people with their entry become very competitive competitor for the existing ones as they would lend out in credit and disturb the proper channel flow of money in the system and those with small monetary resources or are borrowers from the bank are easily pushed out of the market or gets stagnant in their business, goods that come from China and other reputed brand poses thread in the case of carpentry, other reputed brand poses many competitive problems in their business as well as online stores. When it comes to enterprises with financial constraint, such entry is not healthy for the economy.

Thus entrepreneurship is a productive investment for Mizoram as a whole, it can serve as the primary income for the person, provides employment to the youth provided with fixed salaried income per month and incentives and promote skill development. They supply variety of goods to the population, contribute its tax to the state government and for a state like Mizoram, given its overall condition, entrepreneurs are the quickest solution that can produce monetary contribution in order to be self reliant financially for the state. Overall the impact of entrepreneurship has been really positive in terms of income generation, employment generation and promotes growth and development for the economy.

REFERENCES

- [1] Low, M.B and MacMillan, I.C (1988), 'Entrepreneurship: Past research and future challenges', *Journal of Management*, 14(2), pp. 139-161.
- [2] Census (2011), Reported Data, Office of the Registrar General & Census Commissioner, Ministry of Home Affairs, Government of India.
- [3] Lazear, E. P (2005), 'Entrepreneurship', *Journal of Labor Economics*, Vol. 23, No. 4, pp. 649-680.
- [4] Sullivan, D. M (2007), 'Stimulating Social Entrepreneurship: Can Support from Cities Make a Difference?', *Academy of Management Perspectives*, Vol. 21, No. 1, pp. 77-78.
- [5] Mars, M.M and Rios-Aguilar, C (2010), 'Academic Entrepreneurship (re) defined: Significance and Implications for the Scholarship of Higher Education', *Higher Education*, Vol. 59, No. 4, pp. 441-460.
- [6] Klapper, L.F and Love, I (2011), 'Entrepreneurship and Development: The Role of Information Asymmetries', *The World Bank Economic Review*, Vol. 25, No. 3 (2011), pp. 448-455.
- [7] Rasool, F et al (2012), 'Drivers of Entrepreneurship: Linking With Economic Growth and Employment Generation', *The Pakistan Development Review*, Vol. 51, No. 4, pp. 587-605.