

Risk Perception in Small Scale Industries

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ABSTRACT

This research topic is focused on risk perception of the owner of small scale business and impact of their genders and educational qualifications. Data has been collected through both the research i.e. secondary and primary. Primary data collected through convenience sampling technique, where in data related to their demographic details and perception of risk has been collected. Based on the hypothesis test, it has been found that there is no impact of gender on risk perception, but people of professionally qualified have different perception of risk compared to people having normal qualification.

INTRODUCTION

Small scale industries are having pivotal place in economic development of India. It is because of its wider range of its products, employment opportunities to a common man of India and even contribution in quantum of export import of the country. One hand there is significance of this industry and other hand there are some challenges that always attracts attention. Some challenges are related to the external factors and some are of internal factors. Challenges related to internal factors include infrastructure of the factory, efficient staff, professionalism in management of the business etc. This paper is based on risk perception by the management of the business organization and way of handling the same. Keeping in mind above aim author has established following objectives/ Research questions and hypothesis:

OBJECTIVES

- To explore the type of risk that mainly a challenge to the small scale industry
- To explore risk perception by the management of the organization
- To explore impact of professionally qualified and unprofessional degree holder owner on the risk perception of the organization

RESEARCH QUESTIONS

- What are the challenges or risk associated to small scale organizations
- What are the risk that perceived by management of the organization
- Whether there is any association between risk perception and gender and qualification of the owner of the organisation

HYPOTHESIS

Hypothesis 1:

H0: There is no association between genders and risk categories

H1: There is association between genders and risk categories

Hypothesis 2:

H0: There is no association between education (professional vs non professional degree) of the owner and risk perception by them.

H1: There is association between education (professional vs non professional degree) of the owner and risk perception by them.

LITERATURE REVIEW

Small scale industries are always having a important role in a developing economy like India. These industries play a critical role in the development of any country. Some small scale units employ simple skills and mechanism while many other units use modern and sophisticated technology. These industries amalgamate various elements in the scheme of national planning. They are a deliberate part of the any developing economy, which is closely related with agriculture and medium and large-scale industries. In Indian economy small-scale always inhabit crucial place, because of their employment potential and their contribution to total industrial output of the country.

Thus, small and large-scale industries are two crucial roles of industrialization process of a country. Hence, small-scale industries are found in existence in every country specially developing country. In fact small scale has now coming up as dynamic and bright sector of the Indian economy in the recent years. Indian government has also adopted number of measures to foster and nurture them. However, it is assumed the with recent measures, small-scales are facing both internal competition as well as external competition

Risk / Challenges in small scale industries:

Thanga and Melba (2013) Risk or challenges associated in small scale industries are many like raw material problem, problem of finance, problem of marketing, problem related to operational aspect like infrastructure, lack of managerial talent, competition with large scale industries etc.

As per the study conducted by Noonan (2012) it is to study “to examine whether education in the form of awareness tools as well as the gender of a character suffering from BPD described in a vignette would play a role in rejection scores of that character. The findings did not support the hypotheses, indicating that members of the general population may not be receiving the information provided by the NEA-BPD and other organizations seeking to diminish the amount of stigma and stereotyping surrounding BPD. Findings regarding gender appeared to suggest that character gender did not play a role in rejection scores, and may mean that the amount of stigma that individuals who have been diagnosed with BPD face may not differ based simply on that person's gender”. On the similar model author has been conducted study to find whether there is impact of gender on risk perception and even impact of education too.

METHODOLOGY

In order to achieve aim and objective of the study author conducted primary research on business owners of Bhandara and Gondia district to know the fact of age and education on risk perception. Owners were approached based on convenience sampling technique. Towards instruments of data collection, a schedule questions were prepared to get the data and based on the same hypothesis has been tested.

ANALYSIS

Hypothesis 1

There is no association between gender and risk categories

Risk categories are:

Risk from competitors

Risk from Inadequate Internal process

Risk from In Efficient staff for Material handling

Staff keeping factory accidents away

Risk from Infrastructure of factory

Risk from Infra and Earthquake impact

Industrial Safety risk

Gen * Risk_Category_SF

Crosstab

Count									
		Product_Category_SF							
		Risk from competitor	Risk from Inadequate Internal process	Risk from Inefficient staff material handling	Staff keeping for factory accident away	Risk from Infrastruc ture of Factory	Risk from Infra and Earthquake impact	Industrial safety Risk	Total
Gen	Male	18	41	76	29	46	10	14	234
	Female	11	25	56	23	10	12	4	141
Total		29	66	132	52	56	22	18	375

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.097 ^a	6	.013
Likelihood Ratio	17.199	6	.009
Linear-by-Linear Association	1.772	1	.183
N of Valid Cases	375		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.77.

Hypothesis 2 There is no association between Degree of the owners and Risk perceptions.

Degree * Risk_category_SF

Crosstab

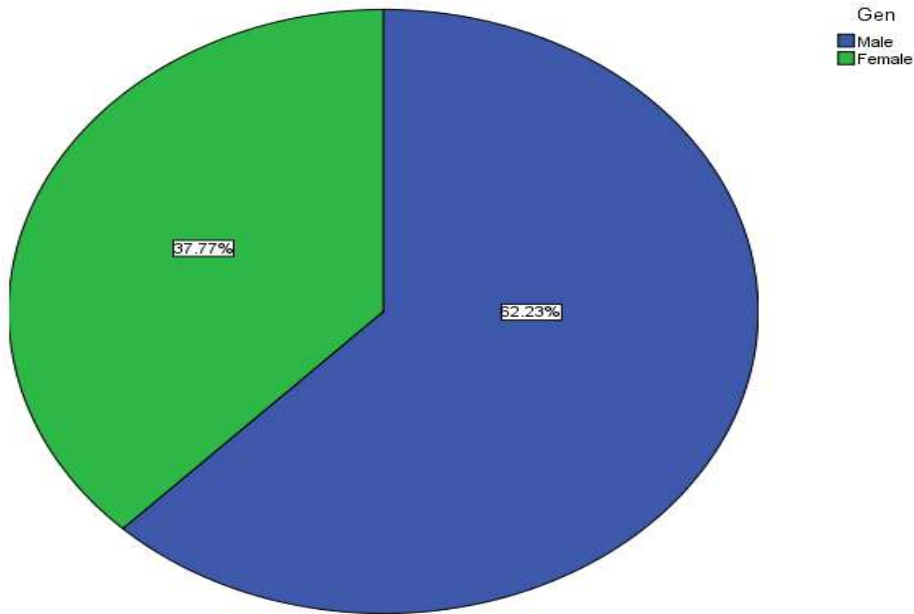
Count									
		Risk_category_SF							
		Risk from competitor	Risk from Inadequate Internal process	Risk from Inefficient staff material handling	Staff keeping for factory accident away	Risk from Infrastruc ture of Factory	Risk from Infra and Earthquake impact	Industrial safety Risk	Total
Deg	Prof	8	66	32	40	46	16	26	234
	Non	2	37	18	50	17	5	11	140
Total		10	103	50	90	63	21	37	374

Chi-Square Tests

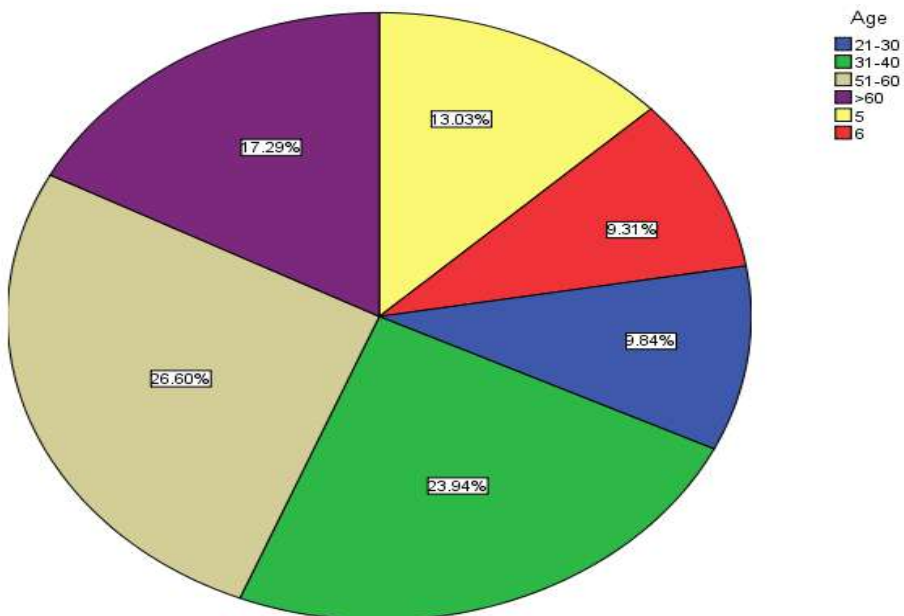
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.601 ^a	6	.003
Likelihood Ratio	19.522	6	.003
Linear-by-Linear Association	.582	1	.446
N of Valid Cases	374		

a. 1 cells (7.1%) have expected count less than 5. The minimum expected count is 3.74.

Gender



Age



CONCLUSION

Since $p=.013$ is > 0.05 therefore null hypothesis is accepted which means there is no association between gender and risk categories. So it is true that **There is no association between gender and risk categories**. As per hypothesis No. 2, Since $p=.003$ is <0.05 therefore null hypothesis is rejected which means there is association between degree and perception of risk. So it means people of professional degree holder and running small scale business see risk or challenges of the organization differently than who are non professionally qualified.

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