IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN:2278-487X, p-ISSN: 2319-7668. Volume 26, Issue 5. Ser. 3 (May. 2024), PP 57-62
www.iosrjournals.org

Impact Of Generation Of Entrepreneur On Management Practices Followed By Entrepreneurs Of Light Engineering Industry Of Punjab

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Abstract:
The growth and survival of business depend upon how efficiently a business is being managed i.e. level of management practices. The first generation entrepreneur of is the one who conceive the idea and build organisation from scratch. The subsequent generations carry forward the idea and are responsible for growth of business. The present study explore the level of management practices followed by first generation and second and subsequent entrepreneur and found that first generation and second generation entrepreneur differ significantly in level of management practices and second generation had outperformed in following management practice in production, finance, human resources management.

Keywords: *Management Practices, First generation entrepreneur, second generation entrepreneur*

Date of Submission: 05-05-2024 Date of Acceptance: 15-05-2024

I. Introduction

A first generation entrepreneur conceives the very idea of doing business gathers the required resources, goes through the challenging process of start-up. This entire process requires a higher degree of commitment and passion. The chances of failure are much high in the initial stages, thus these entrepreneurs are called real entrepreneur. The second generation entrepreneur on other hand gets the legacy of first generation. They have seen first generation toil so it that experience helps them to scale up the business and achieve higher growth. The success ratio of first generation and second generation has always a point of contention among researchers in entrepreneurial field. Some studies have shown second generation outperforming the first generation, whereas some show business losing ground in hands of second generation.

1st generation entrepreneurs are typically more risk-taking and less brand-aware, they put a lot of trust on their gut. The 2nd generation entrepreneurs on the contrary, can be highly risk averse in comparison to their peers and might go more by research and processes, relying less on their instinct as they can be more brand-conscious and can even fear failure. The 1st generation entrepreneurs are definitely bolder, as basically they have nothing to lose! 2nd generation entrepreneurs can be bold too, but there are limits, as in they would not like put the effort of their forefathers to risk. They on other hand have the leverage of brand, assets and legacy.

II. Objective And Research Methodology

The present study was envisaged to see how different generation of entrepreneurs conduct their business and whether there is a significance difference in the level of management practices followed by them in the area of production, finance, marketing and human resource management. For the purpose a sample of 152 entrepreneurs working in light engineering industry in Punjab was taken and management practices followed by them were measured on a scale of 1to5.

Management Practices in MSMEs

Managing a small business on sound management practices is as important as it is far any big organization. These practices go a long way in controlling cost and achieving quality. In our increasingly competitive marketplace, there is no tolerance for unplanned downtime. Industry is experiencing the pressure of rising costs, foreign competition and the need to improve productivity. An enterprise must make productive use of all its resources- labour, material, capital, through best maintenance practices. Small businesses that plan are more likely to be those that achieve higher sales, higher return on assets, higher profit margins, and higher employee growth (Berman, Gordon and Sussman 1997). The ability to plan effectively is crucial for any business organization including a small firm. Total quality management is another essential area for MSMEs. The most acceptable definition of quality is conformance to specifications. Quality can be achieved by prioritizing improvement. A focus on the factors such as resources, methods and materials will improve key activities of the organization. It is continuing improvement of system through measurement and evaluation. Management practices of small business must be quality management oriented to attain customer satisfaction by provisioning high quality goods.

The descriptive of management practices (production) shows that second generation have done considerably better in following these practices with overall score 4.41 as compare to 1st generation entrepreneurs.

Value of Mean, median for the management practices of the management practice (Production) and Mann-Whitney test results of different generations of entrepreneur

Dependent Variable	Independent Variable	Mean	Median	Mean rank	Sum of ranks	Z	Sig
Prepared Business plan (A1)	G_2	4.65	5	88.45	2742	1.949	.050
	G_1	4.31	5	73.44	8886		
Compared planned and actual results at Regular intervals (A2)	G_2	4.48	5	94.32	2924	2.695	.007
	G_1	3.98	4	71.93	8704		
Made efforts to correct deviations from plans (A3)	G_2	4.39	5	89.52	2775	1.982	.047
	G_1	4.05	4	73.17	8853		
Used material management techniques(A4)	G_2	4.23	4	80.27	2488.50	.576	.565
	G_1	4.03	4	75.53	9139.00		
Emphasized on Total Quality Control (A5)	G_2	4.29	5	70.05	2450.50	.396	.692
	G_1	4.17	5	75.85	9177.50		
Overall Management Practices (Production)	G_2	4.41	4.6	92.34	2862.00	2.266	.023
	G_1	4.15	4.2	72.44	8785.00		

Mann-Whitney test and significance value with regard to generations of entrepreneurs, the Z-value shows that there is significance difference in 1st generation and 2nd generation entrepreneurs at 0.05 level of significance ($Z=2.266$, $p<0.05$).

Management Practices (Financial)

Financial problems contribute to the high rate of failures in micro, small and medium enterprises. An enterprise must be in a position to undertake production, marketing, Distribution, without causing, or being repeatedly hindered by, financial pressures and strains. Financial management is critical element of the business as a whole whether it is the decision regarding acquisition of long-term asset or effective management of working capital. The first task of any financial manager of either small or large is to estimate long term financial requirement. The firm needs long term funds for acquiring long term assets and also to fund permanent working capital. All managerial decisions are based on financial forecasts of expenditure as well as the revenues. These financial forecasts must be done with minimum error so those right amounts of funds are available at the right time. After estimating long term funds requirement, it is necessary to decide the composition of these funds i.e. debt and equity. Since the legal form of small business is generally not a public limited company the equity constitutes the amount of capital contributed by the owner or venture capitalist along with the accumulated profits whereas debt constitute loans from banks and other financial institutions. A fine balance of debt and equity is necessary to run the business smoothly and enhance profits, the required funds can be raised from various sources including capital from own sources or outside funding from banks and financial institutions. Each source has its own advantages and disadvantages. Equity is more stable The cost of whereas debt comes out to be cheaper floating funds also varies in each source. The most suitable source can only be gauged by proper evaluation of various sources

A long-term investment of huge current funds in the form of capital expenditure decisions are made in relation to the benefits expected to accrue in future. Another area where entrepreneur of small business has to be vigil is the risk involved in these projects, so the inflow of various projects are to be risk adjusted and selected accordingly. Working capital management are the funds required for day today activities of business. The estimation of it should be accurate and based on sound management practices so that it is neither excess nor inadequate.

Value of Mean, median for the management practices (Finance) Mann-Whitney test results of different generations of entrepreneur

Dependent Variable	Independent Variable	Mean	Median	Mean rank	Sum of ranks	Z	Sig
Maintained balance between own and borrowed funds (B1)	G_2	4.42	**5**	86.37	2677.50	1.528	.127
	G_1	4.12	**4**	73.97	8950.50		
Focused on cheaper sources of funds (B2)	G_2	4.23	5	94.26	2922	2.614	.009
	G_1	3.52	4	71.95	8706		
Ploughed back profit in business (B3)	G_2	4.29	5	76.26	2364	.038	.970
	G_1	4.21	5	76.56	9264		
Emphasized on effective working capital Management (B4)	G_2	4.39	4	85.66	2655.50	1.387	.165
	G_1	4.03	4	74.15	8972.50		
Used capital budgeting techniques (B5)	G_2	4.06	4	85.37	2387	1.315	.188
	G_1	3.75	4	73.97	8938		
Overall Management Practices (Finance)	G_2	4.28	4.4	89.56	2776.50	2.165	.030
	G_1	3.97	4.0	73.15	8851.50		

The descriptive of management practices (finance) shows that second generation are having better financial management in capital structure, working capital management and sourcing cheaper funds. The overall financial management practice is 4.28 at the scale of 1to 5 as compare to mean value of 3.97 in case of 1st generation entrepreneurs. Mann-Whitney test and significance value with regard to generations of entrepreneurs, the Z-value shows that there is significance difference in 1st generation and 2nd generation entrepreneurs at 0.05 level of significance ($Z=2.17$, $p<0.05$).

Management Practices (Marketing)

Marketing Management should start with the process of conducting market survey and developing products according to market needs. The successful enterprises these days follow a customer centric policy whereby a 'sense and response' policy is followed i.e. to find out right products for the market. Knowing the market needs is not always easy as many a times needs are unstated. A successful small business has to find out solutions to the market problems in form of products. Many a times small enterprises develop product according to market needs, but they fail capitalize on it as they neglect to define their brands generally because of their low marketing budget. Creating brand recognitions even within limited customer base or within limited geographical area help the business build rapport with their customers. Most businesses do not directly sell to the customer. They appoint various intermediaries like wholesalers. agents, dealers and facilitators to perform functions like selling, negotiating with customer, transporting and storing the goods. Distribution channel decisions are amongst the most critical decisions as once made these cannot be easily changed. Each marketing channel member must be treated with utmost respect and may be given incentives to create long term relations depending upon overall marketing strategy of the enterprise.

Pricing is inseparable part of overall market planning. A competitive pricing policy helps in increasing sales and maximizing profits. An entrepreneur has to modify his pricing policies as per market conditions and see whether these arc in true sense in consonance with modern marketing policies and practices. After sales service plays an important-role in customer satisfaction and customer retention. It generates customer loyalty; they start believing in the brand and get associated with organization for a longer duration.

The descriptive of management practices (finance) shows that second generation are having better financial management in capital structure, working capital management and sourcing cheaper funds. The overall financial management practice is 4.28 at the scale of 1to 5 as compare to mean value of 3.97 in case of 1st generation entrepreneurs. Mann-Whitney test and significance value with regard to generations of entrepreneurs, the Z-value shows that there is significance difference in 1st generation and 2nd generation entrepreneurs at 0.05 level of significance ($Z=2.17$, $p<0.05$).

Value of Mean, median for the management practices (MARKETING) and Mann-Whitney test results of different generations of entrepreneurs

Dependent Variable	Independent Variable	Median	Mean	Mean rank	Sum of ranks	Z	Sig
Conducted market survey (C1	G_2	4	3.87	92.45	2866	1.958	.050
	G_1	4	3.29	72.41	8762		
Used own brand name (C2	G_2	5	4.16	92.45	2866	2.416	.016
	G_1	4	3.41	72.41	8762		
Used attractive monetary benefits for intermediaries involved in distribution (C3)	G_2	4	3.55	86.37	2677	1.466	.143
	G_1	3	2.93	73.97	8950		
Emphasized on after sales services (C4)	G_2	5	4.19	78.52	2434	.320	.749
	G_1	5	4.10	75.98	9194		
Modified pricing strategies according to market needs (C5	G_2	5	4.42	81.05	2512	.712	.477
	G_1	5	4.21	75.33	9115		
Overall Management Practices (Marketing)	G_2	4.4	4.04	92.65	2872	2.296	.023
	G_1	3.6	3.64	72.36	8756		

The descriptive of management practices (marketing) shows that second generation are having better marketing practices in Conducted market survey , using own band name and supply chain management **. The overall marketing management practice mean value is 4.04 at the scale of 1to 5 as compare to mean value of 3.64 in case of 1st generation entrepreneurs.** Mann-Whitney test and significance value with regard to generations of entrepreneurs, the Z-value shows that there is significance difference in 1st generation and 2nd generation entrepreneurs at 0.05 level of significance (Z=2.30, $p<0.05$).

Management Practices (Human Resource)

Human resources appear to make crucial contribution to the success of small business impact of each member has much greater significance than in large organizations. An enterprise which has people with right knowledge and skill doing right things naturally fares better than those who have not. It is also evident that firms with motivated workforce are more likely to deliver high quality products, develop new products, effectively market the product and satisfy customers. It is generally observed that small- firms have lesser degree of institutionalization or formalization of HR policies as they do not have professional HR managers and the job is either performed by general manager or entrepreneur himself. The most important way an enterprise can ensure right people is by recruiting job fit persons. Though the small business has less formal recruitment process and do not attract sufficient number of candidates, yet an effective recruitment and selection process can ensure that Selected persons are not only job fit they are also organization fit. As the right person can be recruited, the other way of it could be right training to make the person job fit. An initial orientation can apprise the employee with organization atmosphere and culture. The small business may train its work force by giving right type of training. However, entrepreneurs are reluctant to invest in training because benefits are not easily quantifiable in financial terms.

After hiring right person, the next big question comes to retaining the person. Skilled and trained work force can be retained by giving proper remuneration. Proper financial incentives help the workforce motivated. Involving employee e in decision making not only bring out loyalty of employee, it also brings out a certain degree of trust and confidence amongst them. Any decision taken by a group of persons is bound to be better one than that taken by an individual. It also helps employees understand that the company needs and values them, which is important for building a strong working relationship with them. The enterprises which have formal processes and procedures to monitor the performance of employee can have right control over their pace and schedule. The outcome of the appraisal process helps in deciding remuneration and incentives awarded to the employees. Data shows that entrepreneurs with modest qualification have seemed to score remarkably well on performance appraisal. Technical entrepreneurs (Ed4), on the other hand have fared very poorly in proper selection of employees. Post graduate entrepreneur category has been following HR practices consistently well, but they have failed to involve employees in decision making process. The analysis of management practices (Human Resources) has shown that there is no significance difference in production practices as followed by entrepreneurs of different level of education.

Value of Mean, for the management practices (Human Resource Management) Mann-Whitney test results of different generations of entrepreneurs

Dependent Variable	Independent Variable	Mean	Median	Mean rank	Sum of ranks	Z	Sig
Proper recruitment and selection	G_2	3.48	4	92.45	2866	1.068	.286
	G_1	3.26	4	72.41	8762		
Training and development of employees	G_2	3.96	5	92.45	2706	1.612	.106
	G_1	3.64	4	72.41	8921		
Involving employees in decision making)	G_2	4.05	4	86.37	2977	2.64	.008
	G_1	3.43	3	73.97	8750		
Performance appraisal	G_2	4.39	5	78.52	2434	3.193	.001
	G_1	3.78	5	75.98	9194		
Proper compensation	G_2	4.42	5	81.05	2412	.447	.654
	G_1	4.21	5	75.33	9165		
Overall Management Practices (H**uman Resource Management)**	G_2	4.05	4.4	95.06	2972	2.64	.008
	G_1	3.71	3.6	71.36	8656		

The descriptive of management practices (human resource management) shows that second generation are having better marketing practices in Proper recruitment and selection, Training and development of employees, Performance appraisal and Proper compensation). The overall marketing management practice mean value is 4.04 at the scale of 1to 5 as compare to mean value of 3.64 in case of 1st generation entrepreneurs. Mann-Whitney test and significance value with regard to generations of entrepreneurs, the Z-value shows that there is significance difference in 1st generation and 2nd generation entrepreneurs at 0.05 level of significance ($Z=2.64$, $p<0.05$).

Mann-Whitney test results of the overall management practices of different generations of entrepreneurs

Dependent Variable Management Practices	Independent Variable	Mean	Median	Mean rank	Sum of ranks	Z	Sig
Production	G_2		4.6	92.34	2866	2.266	0.023
	G_1		4.2	72.44	8782		
Finance	G_2		4.4	89.56	2776	2.165	0.030
	G_1		4.0	73.15	8851		
Marketing	G_2		4.4	92.65	2872	2.296	0.023
	G_1		3.6	72.37	8756		
H**uman Resource Management**	G_2		4.2	78.52	2434	2.644	0.008
	G_1		3.6	75.98	9194		
Overall Management Practices	G_2		4.44	99.71	3091	3.292	0.001
	G_1		3.92	70.55	8537		

The Mann-Whitney test of **overall management practices in different functional areas i.e. production, finance, marketing and human resource** with regard to generations of entrepreneurs, shows the level of management practices differ significantly. Z-value of overall management practices of 1st generation and 2nd generation entrepreneurs are significant at 0.01 level of significance ($Z=3.292$, $p<0.05$).

III. Conclusion:

The growth and survival of business depend upon how efficiently a business is being managed i.e. level of management practices. The first generation entrepreneur of is the one who conceive the idea and build organisation from scratch. The subsequent generations carry forward the idea and are responsible for growth of business. The present study has shown that second generation and subsequent entrepreneur significantly differ in level of management practices and second generation has outperformed in following management practice in production, finance, human resources management.

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