



## A STUDY ON ENTREPRENEURSHIP IN THE SMALL FAMILY BUSINESS WITH SPECIAL REFERENCE TO CHENNAI CITY

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### ABSTRACT

This study explores the dynamics of entrepreneurship within small family businesses, focusing specifically on Chennai city. Entrepreneurship, derived from the French term “entreprendre,” involves taking risks to bridge gaps between suppliers and consumers. Small family businesses, often rooted in traditional industries, significantly contribute to Chennai’s economy. The research examines 80 small business units, primarily in food production, through quantitative and qualitative methods. Key findings indicate that family background heavily influences entrepreneurial behaviour, with most entrepreneurs inclined to continue their family businesses due to established infrastructure and market presence. Additionally, a substantial portion of these entrepreneurs are diversifying their operations into new ventures, showcasing adaptability and innovation. The study confirms that strong family involvement in management and ownership supports entrepreneurial growth, aligning with social cognitive theory and highlighting self-efficacy’s role in entrepreneurial success. The research rejects the null hypothesis, confirming a significant relationship between entrepreneurs and business diversification. The study concludes that family businesses in Chennai drive the local economy and serve as crucial platforms for entrepreneurial growth. Strategic planning, competitor analysis, and customer relationships are essential for sustaining and expanding these enterprises.

**Keywords:** Entrepreneurship, Family Business, Business Diversification, Social Cognitive Theory, Entrepreneurial Growth, and Self-efficacy

## Introduction

The French verb *entreprendre*, which means “to undertake,” is the source of the English word *entrepreneur*. The verb *prendre* in French means to take, and the phrase *entre* implies between. This indicates that a merchant who served as a go-between or middleman between various agents or entities interested in commerce was referred to as an entrepreneur. One of the first people to use the term “entrepreneur” and associate it with people who took on risk in the economy was the French economist Richard Cantillon (1680–1734) (Bill Bolton and John Thompson (2004; 14)). Cantillon most likely coined the term to describe a middleman who assumed risk on behalf of the supply and the buyer.

## Review of Literature

The impact of economic factors on the growth of entrepreneurship is examined by QRahamun (1979) in his study “Entrepreneurship and Small Enterprise Development in Bangladesh.” The study found that the availability of raw materials, human resources, and many employment opportunities are essential for the growth of entrepreneurship. Entrepreneurs related to the product were given top priority, and the main issues identified were a lack of marketing support, a lack of finance, mainly working capital, a high cost of raw materials, the lack of better substitutes for finished products, inefficient management, and others.

K.N. Sharma (1980) explained the expansion of the entrepreneurial process by examining how different socioeconomic groups responded to opportunities presented by the British colonial authority at the time. He discovered that Hindu business communities, who were initially less close to the British due to their religious beliefs, lagged because they were hostile to the British. The latter were suspicious of the former, and the purses led the way in industrial activity because their value system did not prevent them from establishing contact with the British. It was discovered that various religious social groupings reacted differently to a given political environment.

M.U. Deshpande (1982) examined the Marathwada region’s small industries; he discovered that critical elements for the growth of entrepreneurship included general infrastructure, family aspirations, social and political leadership, government policies, and the upper classes of society.

According to Khanka (2002), entrepreneurship’s birth and growth are based on various elements, including social, political, economic, and psychological ones, frequently described as supporting conditions for entrepreneurship development. Several circumstances may positively and productively impact the emergence of entrepreneurship. While negative impacts produce an environment that inhibits the growth of



entrepreneurship, positive influences generate conditions that facilitate the emergence of entrepreneurship. Entrepreneurship does not just happen. It takes time to develop and grow. The presence of certain elements determines its origin and growth. Both economic and non-economic elements are included in this. The activities of the government also influence the formation and development of entrepreneurship within a nation.

**Research Methodology**

Becoming an entrepreneur in small business encompasses various industries that cover the food and non-food production sectors. A significant portion of these industries is related to food production. For instance, in this study, 80 small business units are involved in food-related industries such as picking pickles, pappads, and other similar products. These businesses represent diverse entrepreneurial activities within the Chennai city region, highlighting the potential for growth and innovation in both traditional and modern sectors.

The methodology for this research involved a combination of quantitative and qualitative approaches, focusing on entrepreneurs operating within family businesses. Data was gathered through surveys and interviews to understand the motivations, challenges, and strategies these entrepreneurs employed to continue their family business and diversify into new ventures.

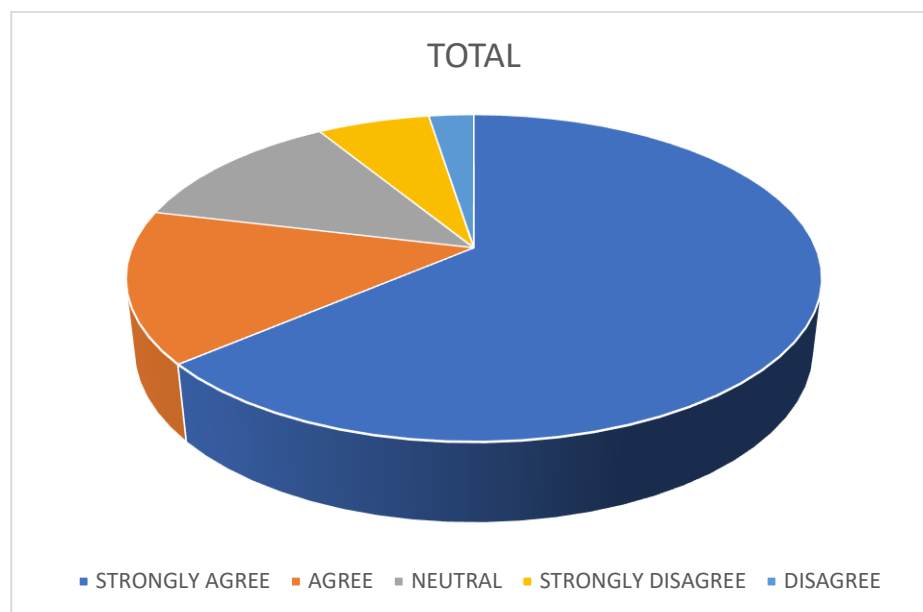
**Objective of the study**

1. New entrepreneurs are likely to carry family business
2. Entrepreneurs are motivated to diversify their business
3. Entrepreneurs are more interested in carrying their family business than compulsion.

**Analysis and Interpretation**

1. Entrepreneurs are Likely to Carry Family Business

PARTICULARS	TOTAL	PERCENTAGE
STRONGLY AGREE	51	63%
AGREE	12	15%
NEUTRAL	10	12.5%
STRONGLY DISAGREE	5	06%
DISAGREE	2	03%



The above table shows that 63% of the entrepreneurs are ready to carry their family business. It also shows that it is easy for entrepreneurs to continue the family business.

## 2. Entrepreneurs Will Diversify the Family Business by Adding Other Business

PARTICULARS	TOTAL	PERCENTAGE
STRONGLY AGREE	40	50%
AGREE	25	31%
NEUTRAL	10	12.5%
STRONGLY DISAGREE	2	0.03%
DISAGREE	3	0.03%

50% of the respondents strongly agree that they have diversified the family business. Only 3% of the entrepreneurs disagree that they are not diversifying their business.

### Hypothesis

H0: there is no significant relationship between entrepreneurs and adding new business

H1: there is a significant relationship between entrepreneurs and adding new business

Degree of freedom	Tabulated value	Calculated value
3	7.315	10.138

The calculated value (10.138) is higher than the tabulated value (7.315), so the null hypothesis is rejected, and the alternative hypothesis is accepted. There is a relationship between training and employee productivity.



### Findings of The Study

1. Family business background can affect elements of social cognitive theory such as self-efficacy.
2. Family members in the new venture and involvement of family members in ownership and management succession.
3. Some dimensions of family business entrepreneurship include early experiences in the entrepreneur's family of origin and family involvement.

### Conclusion

The study on entrepreneurship in small family businesses in Chennai reveals that family background plays a crucial role in shaping entrepreneurial behaviour and business decisions. Most entrepreneurs in this study are inclined to carry forward their family businesses due to the existing infrastructure and market presence, which provides a solid foundation for growth. Moreover, the findings indicate that many entrepreneurs continue the family business and actively diversify into new ventures, ensuring sustainability and adaptation in a competitive market.

The research confirms that family support, both in terms of management and ownership, significantly influences the entrepreneurial journey. Entrepreneurs with strong family involvement are more likely to succeed due to shared values, resources, and skills transfer across generations. This aligns with social cognitive theory, which emphasizes the importance of self-efficacy - often developed within the family environment - in the success of entrepreneurial ventures.

Accepting the hypothesis that a significant relationship exists between entrepreneurs and adding new business ventures further strengthens the argument that entrepreneurial growth is not static but a dynamic process involving constant adaptation and innovation. Family businesses, when strategically managed, have the potential to grow and evolve through diversification, ensuring long-term success.

In conclusion, family businesses in Chennai are not only pivotal to the economy but also serve as essential hubs for entrepreneurial growth. By focusing on strategic planning, continuous profit monitoring, competitor analysis, and customer relations, entrepreneurs can drive the success of family businesses to new heights. The entrepreneurial mindset fostered within family businesses contributes significantly to the individual entrepreneur's success and the broader economic landscape.

### Suggestions for the Study

1. Make strategic planning a top priority.
2. Entrepreneurs should regularly monitor profit margins.

3. Keep a close watch on competitors.
4. Entrepreneurs should maintain close relationships with their customers.
5. Entrepreneurs must remain ambitious.

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