

Factor Affecting the Growth of Entrepreneurship in Unorganized Retail Business.

1Raghavendra.H, 2Vinay Prasad. B
1Research Scholar, 2Faculty Member
Institute of Management Studies and Research

Abstract - This paper outlined the detailed information about the factors which influences the growth of entrepreneurship in unorganized retail sector and it's preventing forces on entrepreneurship development. The study primarily focuses on understanding the concept of unorganized retail sectors and it discusses the challenges experienced by the entrepreneurs in unorganized retail firms and finally analyzes the factors which affect the growth of entrepreneurship in unorganized retail sectors. The study adopted a descriptive approach to develop the complete paper and also reviewed various literature. The study finally concludes with remedies relevant to the growth of entrepreneurship in unorganized retail business.

keywords - Work Life Balance, Capital, Competition, Technology, Unorganized Retailing, SKUs.

1. Introduction

An entrepreneur is one who formulates a new business, bears the risks, perform various commercial activities and experiences profit or losses in the end of the business. Entrepreneurship is the process of engaging a new business to provide goods and service to the market. Entrepreneurship describes the commercial activity initiated by someone who starts their own business through their own source of capital. Unorganized retail business might be a small business concern established by any individual with the smallest amount of investment, resources and technology. Unorganized retail businesses in India have experiencing tough competition from organized retail giants. Organized retail sectors are gradually increasing with huge capital, technology and expertise skills. The previous studies opined that organized retail sector in India flourishing at a snail's pace, but in future there is a huge possibilities to give threat to the unorganized retail business. The small entrepreneurs of who are engaged in small unorganized retail business slowly experiencing such threat from organized retail business. Therefore study made an attempt to develop the paper by focussing on such issues relevant to the growth of entrepreneurship in unorganized retail sectors.

2. Concept of Unorganized Retail

The concept of unorganized retail business existed from ancient period. It has crossed various stages to mark its own identity in the market. Even today most of the customer preferring to buy their requirements from the neighbourhood unorganized stores rather than visiting from a far away organized retail stores like shopping malls, hypermarkets, supermarkets, discount stores, etc., therefore the previous studies reveal that 90 percent of the Indian retail market has completely dominated by unorganized retail sectors. The unorganized retail sector comprises of small scale enterprises (kirana stores, bakeries, fresh vegetables and fruit shops etc.) which are not registered and licensed from the respective local government bodies. Entrepreneurs in unorganised retail business have created their own identity with small business in specific locations and also hold limited number of customers on routine base. These entrepreneurs offer credit facility for their customers and maintain long term relationship with them. The unorganized retail business comprises limited number of roles and responsibilities compare to organized ones. For instance, the positions of employment in these sectors are not fixed and stable, low investment, easy to start and exit in the business, there is no hard rules and regulations by the government, moderate skills, flexible working hours etc.

3. Need of the study

Unorganized retail business in India has its own identity in the economic development of the country and growth of entrepreneurial activities in unorganized retail business is not separate from it. Unorganized retail business has already occupied the dominant position across Indian retail market. This business comprises easy to access and exit facilities. Therefore many budding entrepreneurs without having the proper knowledge of the actual risk involved in these businesses would struggle to get success in these initiatives. Hence, the factors which would affect the growth of entrepreneurship in unorganized retail business demands to understand about these factors before initiating entrepreneurship activities. Therefore the study made an attempt to discuss such factors which would affects the growth of entrepreneurs specifically in unorganized retail business.

4. Objective of the study

- To understand the concept of unorganised retail sector and entrepreneurship development
- To discuss the challenges experienced by the entrepreneurs in unorganized retail business
- To analyze the factors which affect on the growth of entrepreneurship in unorganized retail sectors

5. Methodology

The paper is completely a conceptual one whose basic foundation comes from various secondary sources like research articles, published and unpublished scholarly papers, books, various international and local journals and websites

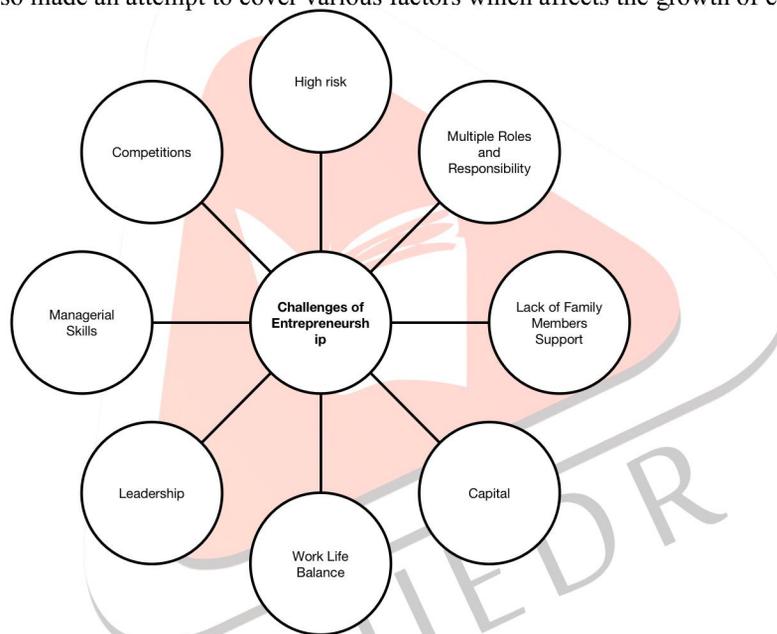
6. Literature Review

Amat A Isalam Hamoud Naji (2019) focussed on the factors which influences the growth of entrepreneurship. The study considered three important elements to describe the influencing factors on entrepreneurship development such as economical, social and psychological factors. Economical factors described with five sub elements to understand the factors of production, social factors like cast, education, family back ground, cultural values, society attitude and psychological factors like need for achievement, withdrawal of status respect, motive factors have been considered to recognize the growth of entrepreneurship. The study finally concluded that entrepreneurship activities which were fundamental for the growth of any economy. Countries which have flourishing interest would raise the growth of entrepreneurship.

Raghavendra R.H (2014) opined that unorganized retail sector dominating in India and the study also discussed the reasons behind its dominance, importance, opportunities and challenges of unorganized retail sectors in contrast with organised retail sector. The study highlighted the importance of customer relationship and traditional approach to retain customers by the unorganised retails shops.

7. Challenges of Entrepreneurship

The following information reveals the various factors which are directly influencing the growth of unorganized retail business. In this paper, the study is also made an attempt to cover various factors which affects the growth of entrepreneurship.



- **High Risk:** Initiating a new business would be highly difficult without having thorough knowledge of current and future requirements. Therefore, it is highly essential to understand the risk (managerial, operational, technological, financial, and legal, etc) involved in the business. Businesses without predicting the risks might experience many damages in future.
- **Multiple Roles and Responsibility:** Entrepreneurship would always demands multiple roles and responsibilities to be performed by an entrepreneur. Therefore, Entrepreneurs must be proficient enough to handle finance, legal, marketing, human resource, administration and other work related activities to manage unforeseen problems.
- **Lack of Family Members Support:** The entrepreneurship activities which were dependent on their family members will always demands their support and involvement in all business decisions. But failure to get their support leads to delay in entire process.
- **Capital:** it is one of the most essential elements of all the businesses. Entrepreneurial activities demand various sources of capital in diverse stages. Sufficient capital in businesses leads to smooth flow of entire operations and insufficient capital leads to discontinue of all efforts.
- **Work Life Balance:** An entrepreneur who is responsible for managing entire business is also responsible for taking care of their family and dependents. Excess of work pressure and family stress might lead to imbalance of entrepreneurial activities. Managing both at a time would be difficult for some entrepreneurs.

- **Leadership:** success of many businesses depends upon the number of leaders that business consists and develops. An entrepreneur being a leader will take complete responsibility to manage entire business but managers accomplish the roles and responsibilities specifically assigned to them. Therefore developing more number of such leaders in all departments would be challenging task for the enterprises.
- **Managerial Skills:** An entrepreneur must be proficient in all managerial skills (conceptual skills, human skills, design skills and technical skills) to manage the entire business activities. Failure to be efficient in any one of these skills leads to inadequacy in managing its resources.
- **Competitions:** Similar kind of business performed by other players might give tough competition in terms of similar product with unique features, differentiated services, attractive discounts and offers to dominate weakened businesses. Therefore, competition ignored by the business might face various challenges.

8. Affecting Factors

The following factors elucidate the information which is affecting the growth of entrepreneurship specifically in unorganized retail business.

- **Size of the Store:** In general, most of the unorganized retail stores comprise limited space and limited number of stocks, categories and customers. To fulfil the needs of mass customers the size of the store must be spacious. If the size of the store is huge, it can carry huge assortment of stocks and meet the customer requirements. Unorganized retail stores having small space would be difficult to attract the mass customers and fulfil their requirements.
- **Store Ambience:** It is one of the significant factors which unorganized retail struggle to offer. It comprises the store inside amenities like, sufficient walking space, colourful walls and interior designs, attractive lighting, and attractive environment offered to the customers. It is viable to the medium and large sized organized retail firms to facilitate attractive ambience but when it comes to the unorganized retail firms, it is difficult to provide all these facilities with the limited resources.
- **Store Merchandise:** It can also be called as store inventory. Availability of huge stocks in terms of various brands and categories ensures more numbers of transactions in the retail business. Unorganized retail firms having limited number of stocks, keeping units (SKUs) and brands would be difficult to satisfy the needs of more number of customers.
- **Store Facilities:** Most of the unorganized retail businesses merely focus on increasing their business transactions rather than offering additional facilities to their customers. Additional facilities like home delivery, parking facilities and alternative payment options etc., which are common in organized retail firms would be difficult to the unorganized retail firms. Hence, there are possibilities of losing valued customers from unorganized retail business due to non availability of attractive additional facilities.
- **Store Promotions:** Promotional activities engaged by the store always helps to attract existing and new potential customers towards the business. Store promotions like discounts on products, bundle offers, buy one get one offers, unveiling loyalty program benefits etc., will help the retailer to increase their billing values. It would be highly difficult to incorporate such promotional schemes to the unorganized retail stores having limited resources.
- **Store Relationship:** It reveals the relationship maintained by the retail business with its customer and suppliers. Customer retention is one of the most challenging tasks for all retailers because customers have many alternatives to switch over with other business. Therefore, many organized retailers formulate various customer loyalty programs to hold their customer in the business. Unorganized retail stores might hold their limited number of well known customers through their prompt services but when it attends more number of customers, it might be difficult for them to maintain long term relationship with all the customers.

9. Conclusion

Entrepreneurship in unorganized retail sector involves small business units which are established with minimum investment. These businesses are commonly found in villages, cities, taluks, streets and crowded areas. Most of the unorganized retail businesses in India, were established by their ancestors, it has distorted many hands from the various decades. Many entrepreneurial activities specifically in unorganized retail sector which were transferred by their family members losing its prominence. Due to an entrance of many organized retail businesses, lack of interest in their family business, lack of leadership qualities, risk involved in the business, competitions, lack of managerial skills, family support, inadequate capital and many challenges created barriers to the entrepreneurs to continue and develop unorganized retail businesses. Apart from these challenges the entrepreneurship also affected by some other factors like size of the store, ambience, merchandise, facilities, promotions and its relationship with customers. The study finally conclude that only 10 percent of the Indian retail market has been covered by organized retail sector, still there is a wide scope for the entrepreneurs to come up with unique ideas to start up the their own entrepreneurial activities and utilize remaining opportunities.

Reference:

- [1] Factors Influencing Entrepreneurship Development - Amat Alsalam Hamoud Naji Research Gate, Researchgate - 2019.
- [2] An Overview of Unorganized Retail Sector In India - Raghavendra R.H
- [3] www.managementstudyguide.com

