

A Study on Entrepreneurship and Family Business Management in MSME Sector in Thoothukudi District

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Abstract

The MSME sector plays a critical role in fostering economic development, employment generation, and regional industrialization in India. In Thoothukudi district, a significant portion of MSMEs is family-owned, blending traditional values with entrepreneurial aspirations. This study aims to explore the dynamics of entrepreneurship and family business management within the MSME sector in Thoothukudi. The research investigates the profile of local entrepreneurs, management practices in family-run businesses, challenges as related to succession planning, innovation and professionalization, as well as the influence of cultural and regional factors on business sustainability. Data was collected through structured questionnaires and interviews with MSME owners across various sectors including manufacturing, services, and trade. The findings reveal that while family businesses contribute significantly to local economic activity, they often face challenges in adapting to modern business practices and managing generational transitions. The study concludes by offering recommendations to enhance entrepreneurial development and professional management in family-run MSMEs, thereby contributing to the long-term sustainability and competitiveness of the sector.

Keywords: Business Management, Entrepreneurship, economic development

Introduction

The MSME sector is widely recognized as the backbone of the Indian economy. It contributes significantly to GDP, employment generation, and exports, while also fostering balanced regional development. Among these enterprises, a substantial number are family-owned, especially in semi-urban and rural districts such as Thoothukudi in Tamil Nadu. These family-run businesses are rooted in local culture, driven by entrepreneurial spirit, and often passed down through generations. Thoothukudi, known for its port, salt pans, agriculture, and fishing-based industries, has seen steady growth in the MSME sector over the past few decades. Many of these businesses are established by local entrepreneurs who operate within close-knit family structure. This dual nature-entrepreneurship combined with family management-presents unique opportunities and challenges. Entrepreneurs in this region play a pivotal role in job creation, skill development, and the socio-economic upliftment

of the local population. However, they also face critical issues such as lack of access to capital, limited exposure to modern management practices, intergenerational conflicts, and poor succession planning.

Objectives of the Study

- To examine the demographic and business profile of entrepreneurs operating MSMEs in Thoothukudi district.
- To understand the structure and decision-making processes in family-owned MSMEs.
- To identify the key challenges faced by entrepreneurs and family businesses, including issues related to finance, management and market competition.
- To assess the level of succession planning and leadership transition in family-run MSMEs.
- To explore the role of innovation, digitalization, and modernization in the growth of MSMEs.
- To evaluate the impact of family dynamics on business sustainability and professionalization.
- To recommend strategic interventions to improve entrepreneurial development and family business management in the MSME sector.

Scope of the Study

This study focuses on understanding the interrelationship between entrepreneurship and family business management in the MSME sector in Thoothukudi district, Tamil Nadu. It seeks to analyse the characteristics, practices, and challenges of entrepreneurs who manage family-owned MSMEs across different industries such as manufacturing, trading, agriculture-based enterprises, service, and coastal businesses.

Geographical Scope

The study is confined to Thoothukudi district, covering urban and semi-urban areas where MSMEs are actively functioning.

Sectoral Scope

It includes MSME, with particular attention to those that are family-owned and managed, across sectors like textiles, salt production, seafood processing, small scale manufacturing, retail and logistics.

Thematic Scope

The research explores themes such as entrepreneurial motivation, family dynamics, management structure, succession planning, access to finance and adoption of modern practices including digital tools.

Target Respondents

Owners, Co-owners, and next-generations members involved in decision-making within family-run MSMEs.

While the findings may reflect local insights from Thoothukudi, they may also be relevant to similar districts across India where family-owned MSMEs form a significant part of the economic fabric.

Statement of the Problem

The MSME sector in India plays a vital role in driving economic development, creating employment, and supporting inclusive growth. In district like thoothukudi, a large proportion of these enterprises are family-owned, with entrepreneurs relying on traditional knowledge, local resources, and family support to sustain their business. A lack of professional management practices is often due to informal business structure and resistance to change. Limited succession planning is leading to leadership gaps during generational transitions. Internal conflicts and power struggles within families are affecting decision-making and business continuity. It difficulty in accessing credit and modern technology, especially for smaller enterprises. Limited exposure to entrepreneurial training and innovation, resulting in low competitiveness in a fast-changing market.

Data Analysis and Interpretation

This section presents the analysis and interpretation of the data collected from 100 respondents engaged in family-owned MSMEs in Thoothukudi district. The responses were gathered through a structured questionnaire covering demographic details, entrepreneurial background, management style, and succession planning and challenges food.

Profile of the Respondents

Category	No. of. Respondents	Percentage
Male entrepreneurs	32	33%
Female entrepreneurs	17	17%
Age group (30-50 years)	24	24%
Graduate level education	19	19%
First generation entrepreneurs	8	8%
Total	100	100%

Interpretation: A majority of the MSME entrepreneurs in Thoothukudi are male and fall within the productive group nearly half are age group (30-50 years) business owners, showing signs of growing entrepreneurial interests.

Types of Enterprises

Sector	No. of. Respondents	Percentage
Manufacturing	36	36%
Trading	28	28%
Service	21	21%
Agri and Sea Food Based	25	25%
Total	100	100%

Interpretation: Manufacturing and trading are the dominant sectors among family-run MSMEs in the region, followed by service-based and agriculturally based businesses.

Use of Technology in Business

Technology Adoption Level	No. of. Respondents	Percentage
High (Online sales, software)	22	22%
Moderate (POS, basic tools)	48	48%
Low/None	30	30%
Total	100	100%

Interpretation: Many businesses are in the early or moderate stages of digital adoption, indicating potential for improvement through training and awareness programs.

Findings

- A majority of the entrepreneurs are male entrepreneurs are indicating a rise in new business ventures.
- Age group (30-50) entrepreneurs are showing signs of growing entrepreneurial interests.
- Most family businesses operate in manufacturing (36%) and trading (28%).

- Agriculturally based and sea food based related enterprises are unique to the coastel economy of thoothukudi.
- Nearly half (48%) use only basic digital tools, only 22% have adopted advanced digital platforms like online sales or ERP software.

Suggestion

- Encourage family businesses to create documented plans for leadership transition to ensure business continuity.
- Strengthen awareness of government MSME funding schemes.
- Improve outreach by banks and NBFCs to the support small family enterprises.
- Organise skill development and entrepreneurial workshops, particularly focusing on new entrepreneurs and youth successors.
- Provide digital literacy programs tailored for MSMEs to help them adopt e-commerce and financial technology solutions.
- Introduces best practices in business governance and performance management while respecting family values and traditions.

Conclusion

The MSME sector in Thoothukudi district represent a vibrant mix of tradition and entrepreneurship, with family-owned enterprises forming the backbone of the local economy. These businesses contribute significantly to employment and community development. However, they face a range of challenges, particularly in succession planning, access to finance, and modernization. While family involvement strengthens the emotional and cultural fabric of these enterprises, it can also create barriers to professional's growth if not managed effectively. This study highlights the need for capacity-building programs, improved policy implementation, and a greater focus on sustainable business practices. Strengthening the entrepreneurial ecosystem in thoothukudi through targeted interventions will not only support local businesses but also drive regional economic transformation.

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