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DETERMINING RELATIONSHIP BETWEEN ENTERPRISES ESTABLISHMENT AND SOCIAL DEVELOPMENT: Insights from Rural Areas of India

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ABSTRACT

The study aims; first to analyze the impact of enterprises on nearby villages; and second to determine the relationship between enterprises establishment and social development in rural villages of India. The researchers make use of primary data which is collected through schedule method using purposive sampling. Item and reliability analysis, factor analysis and multiple regressions are applied to analyze the impact and relationship along with ANOVA, descriptive & t-statistics. The findings reflect that enterprises have significant but minimal impact on the social development of rural areas as these generate primarily employment to villagers. Enterprises established nearer to feeder town have larger influence on social life of ruralites. To achieve developmental objectives, enterprises in right proportion/mix should be developed. This study may be a significant study conducted in rural areas of hilly terrain in Himachal Pradesh, India. The study may provide new insights to policymakers to achieve economic and social development.

Keywords: *Enterprises, Social development, Industrial Area*
JEL Classification: *L32, C30, J53*

I. INTRODUCTION

Enterprises establishment is the tried and tested tool of economic as well as social development (Prasad, 1957). In many countries of the world, positive relationship has been found between enterprises establishment and economic growth (Louis, 2012), employment generation, and increase in living standard of citizens (Chang, 1964: Rana, 1988). Establishment of enterprises in any region not only changes the economic situation of the area in positive manner but also affects the social and cultural life of the people residing nearby (Prasad, 1957). Enterprises of all types (micro, small, medium, and large scale) help in transforming a backward region into urban one (Roa, 1978). Along with all kinds of positive impact, these enterprises also have ill effects in the form of exploitation of the resources, pollution, and urban squalor (Jones, 2003). There is no denying the fact that the effective development of these enterprises is very essential for successful economic development of India as it generates highest employment opportunities after agriculture sector (Economic survey of India, 2014)**.** Varying impact of these enterprises has been recorded in Indian states due to inherent complexities like geographical conditions and dominance of agriculture and service sector.

In Indian states, where most of the economies are totally dependent on agriculture, both central and state governments are trying to attract entrepreneurs with the help of special incentives packages. Recognizing the importance of small, medium, and large enterprises for overall (economic as well as social) development of the state of Himachal Pradesh; a hilly terrain, the government has created a congenial industrial environment through various industrial policies and investor friendly measures. In order to provide infrastructural facilities to the entrepreneurs, the state Government has already developed 42 industrial areas and 17 industrial estates with all basic amenities. (Statistical Outline of H.P. 2015)

II. CONCEPTUAL FRAMEWORK

Enterprises are the drivers of growth engine and one of the very effective tools to solve the main problems like unemployment, poverty, and regional imbalances, etc. (Prasad 1957; Kuznet 1948; Maizels 1963). These enterprises are capable of absorbing the pressure of excessive labour, diversifying the market, and speed up the growth. There is a positive relationship between reduction in absolute poverty and migration, and enterprises establishment (Chang, 1964; Rana, 1988; Bramall 2008). Small, medium, and large enterprises bring preliminary evils of exploitation; pollution and urban squalor, together with long-term benefits in the form of social impact such as rise in living standard of citizen of industrialize economy (Jones, 2003; Mathew 1976).

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Vol.05 No.04 | August-2015 ISSN: 1839 - 0846

Increased investments and productivity of these enterprises positively affect the GDP of the economy (Louis, 2012). Enterprises have been transforming a rural area into urban one, making countries economic superpower, and also solving the social problems like poverty, unemployment, and backwardness, etc. (Basu, 1988; Kniivila, 2007). Enterprises diversify the socio-economic pattern of the economy and play strategic role in developing countries due to less developed infrastructure (Rao, 1978). It also affects the life of the people with increased opportunities of education, superior housing, health and other infrastructural facilities (Prasad, 1957). Industrialization helps in increasing the level of general education for all, income, and natural curiosity for formal education (Kerr, 1962). Along with technological changes, habits of the people and way of thinking are also influenced due to enterprises establishment (Bagnar, 1960). Small, medium, and large enterprises in rural areas not only bring prosperity to the area but also bring equilibrium in the structure (Rao, 1978). Labour absorption, utilization of traditional skills, knowledge generation, and innovative marketing practices are the major contributions of these enterprises. Its contribution to the mobilization of domestic savings and utilization of local resources is also a noticeable impact (Ogechukwul & Latinwo, 2010). These enterprises promote women empowerment, equal distribution of income; facilitate mobilization of local resources like skill, knowledge and capital, etc. (Kashyap, 1998).

Most of the studies in this research area have focused on few aspects i.e. roles and effect and that too in foreign countries and researcher came across with very few studies in Indian context that have actually looked into social impact of these enterprises. There is a relative dearth of literature on some very important aspects of enterprises development like overall social impact of these enterprises in India, especially in rural areas and no fruitful study is found on hilly terrain where situations are totally different than plain. This is the most important consideration, which has governed the choice of the research work. The study presents a holistic picture to policymakers to decide the framework for enterprises' establishment; those contribute to the economic as well as social development of any region.

Parameters considered for research

Parameters	Reference
Change in socio-economic patterns, transformation in social and cultural life, poverty reduction, and change in life style	Prasad, 1957; Rao, 1978, and Jones, 2003
Employment generation, increase in living standard, and market diversification	Chang, 1964; Rana, 1988, and Rao, 1978
Structural changes in an area	Rao, 1978
Exploitation of resources, pollution, and urban squalor	Jones, 2003 & Methew, 1976
Market development and availability of consumer and durable goods in the area	Basu, 1988 & Kniivila, 2007
Labour absorption, utilization of traditional skills, and knowledge generation	Ogechukwul & Latinwo, 2010
Poverty reduction, empowerment of women, skill development & knowledge enhancement	Kashyap, 1988
Increase in education level, rise in income, change in education standard, and curiosity for education	Kerr, 1962
Change in traditional occupations	Gupta, 1976
Decrease in labour migration	Barmall, 2008

Source: Researcher's own elaboration based on literature review

Table 1 Status of enterprises in Himachal Pradesh

Sr. No.	Category	Number of Units	Investment (Rs. In Cr.)	Employment (In numbers)
1	Large Scale Enterprises	137	6705.82	29072
2	Medium Scale Enterprises	367	5156.18	31906
3	Small Scale Enterprises	40107	7120.917	225423
Total Large and Medium		504	11862.01	60978
Grand Total		40611	18982.92	286401

Source: Annual Report, (2015) Department of Industries, Govt. of Himachal Pradesh

Vol.05 No.04 | August-2015 ISSN: 1839 - 0846

As on 31.03.2015, there are 504 medium and large scale enterprises and about 40,107 small scale enterprises with a total investment of about Rs. 18982.92 crore in the State. These enterprises are providing employment to about 2.86 lakh persons. (Table 1) The economy of Himachal Pradesh has also shown a shift from agriculture sector to industries as the percentage contribution of agriculture and allied sectors in total State Domestic Product has declined from 57.9 percent in 1950-51 to 55.5 percent in 1967- 68, 26.5 percent in 1990-91 and to 14.5 percent in 2009-10.The share of industries has increased from 1.1 percent in 1950-51 to 5.6 percent in 1967-68, 9.4 percent in 1990-91 and to 11.7 percent in 2009-10. (Economic Survey of H.P. 2012)

Table 2: District wise details of number of enterprises set up after announcement of special Package

Sr. No.	District	Small Scale Enterprises			Medium & Large Scale Enterprises		
		Units (In No.)	Investment (Rs. In Cr.)	Employment (in No.)	Units (In No.)	Investment (Rs. In Cr.)	Employment (in No.)
1	Bilaspur	486	53.71	1650	2	86.71	442
2	Chamba	306	19.79	990	0	0	0
3	Hamirpur	603	42.03	2057	1	2.45	25
4	Kangra	1260	231.06	6335	2	194.25	278
5	Kullu	566	42.15	4267	1	8.53	58
6	Kinnaur	112	13.87	598	0	0	0
7	Lahaul & Spiti	42	1.29	163	0	0	0
8	Mandi	1098	61.99	4898	0	0	0
9	Shimla	800	46.45	2389	2	142.94	396
10	Solan	2616	4178.92	51657	204	6503.2	23425
11	Sirmour	976	1164.66	12110	70	696.75	3567
12	Una	1099	446.79	7764	24	1287.73	2780
Total		9964	6302.71	94878	306	8922.56	30971

Source: Annual Report, (2014) Department of Industries, Govt. of Himachal Pradesh

Concentrations of enterprises (especially medium and large) are in adjoining areas of nearby urban towns of other states. Districts other than boarder areas are filled with enterprises of small scale, indicates that very few areas have benefitted through industrial policies of the government. Figures in the table 2 exhibit that location of industrial area play a very important role in the establishment of the enterprises.

III. OBJECTIVES AND HYPOTHESES OF THE STUDY

The objectives of the study are: to study the status of enterprises in the state of Himachal Pradesh; to find out the relationship between enterprises establishment and social status of villagers; to analyse the impact of enterprises establishment on the social development of Himachal Pradesh; and to suggest policy measures for the establishment of enterprises in the state to achieve developmental objectives. Based on the above objectives, the hypotheses formulated are: $\mathbf{H_1}$ - Enterprises establishment have significant impact on employment generation in the area; $\mathbf{H_2}$- Enterprises affect the living standard of people residing nearby villages; $\mathbf{H_3}$- Enterprises have significant impact on women empowerment and $\mathbf{H_4}$- Enterprises establishment have significant relationship with social development

IV. RESEARCH METHODOLOGY

Research Design

The research design of the present study is conclusive in nature. The main objective of the present study is to test specific hypothesis and examine specific relationships that is why conclusive research design is used as this

Vol.05 No.04 | August-2015 ISSN: 1839 - 0846

type of research design assist the policy makers in determining, evaluating, and selecting the specific course of action to take policy decisions in a particular situation (Malhotra, 2010).

Schedule Formulation

On the basis of literature review, a pool of 50 simple understandable statements relating to impact of enterprises establishment and social status of nearby villagers were collected in the initial stage of construct formulation. Keeping in mind the well established and non controversial importance of content of the statements (Strauss and Smith, 2009) and its relevance as major measure of construct validity (Messick, 1955), experience survey of expert professional dealing in the field of industrialization and entrepreneurship was consulted for refinement of schedule, as is advocated by Churchil, 1979. With the help of experience survey, 35 statements were finalized and broken into two parts; 18 statements relating to measure the overall level of social status were used as dependent variables in the study and rest 17 relating to contribution of enterprises establishment were used as independent variables.

Sampling and Data Collection

The present study is mainly based on Primary data collected from ruralites of nearby villages of selected industrial areas (IA). Due to operational difficulties and non-availability of exhausted list of population, strict statistical sampling cannot be applied here in selecting the respondents. In such cases, Cadler, Phillips, and Tybout (1981) advocated the use of purposive sampling keeping in mind the relevant dimensions of population. Hence, multistage-purposive sampling is used to collect the data. At first stage, six districts have been selected purposively from all the three administrative divisions of H.P., namely; Solan, Una, Kangra (relatively industrial developed districts), Mandi, Hamirpur, and Chamba (Industrial backward districts). At the second stage, twelve industrial areas (IA), two from each district selected randomly and at third stage, 50 villagers of nearby villages are selected purposively to collect the data. In total, data is collected from 600 ruralites to analyze the social impact of enterprises. Data is collected with the help of schedule method to maintain accuracy of data (Kothari) on five points Likert's scale (where 1stand for strongly disagree and 5 for strongly agree).

Statistical Techniques

Demographic profile of respondents was analyzed using frequency distribution. Reliability of construct was checked by applying item analysis and Cronbach's alpha. To bring down the statements to manageable level of dimensions, factor analysis using principal components method of factor extraction with varimax rotation was used. To determine the relationship between enterprises establishment and social development, multiple regression is used.To analyze social impact of enterprises, descriptive statistics, t-test, and ANOVA are applied. All above techniques are applied to data using SPSS.

Table 3: Demographic profile of the respondents

Demographics	Sub Heads of Demographics	District						Grand Total
		Chamba	Kangra	Hamirpur	Mandi	Solan	Una	
Education	Illiterate	19	16	26	16	13	9	99
	Up to Matric	36	18	18	27	19	19	137
	Inter	30	15	28	24	15	15	127
	Graduate	15	29	21	23	33	34	155
	Higher	0	22	7	10	20	23	82
	Total	100	100	100	100	100	100	600
Gender	Male	64	57	65	71	57	57	371
	Female	36	43	35	29	43	43	229
	Total	100	100	100	100	100	100	600
Category	General	28	38	41	42	43	47	239
	SC	28	24	31	26	19	18	146
	ST	16	9	9	9	8	9	60
	OBC	28	29	19	23	30	26	155
	Total	100	100	100	100	100	100	600

Occupation	Agriculturist	18	8	19	11	3	5	64
	Business	23	22	20	22	24	25	136
	Labour	22	19	18	24	19	16	118
	Service	21	42	32	28	44	42	209
	Others	16	9	11	15	10	12	73
	Total	100	100	100	100	100	100	600
Age (In Years)	Till 25 Years	20	6	15	14	6	7	68
	Between 25 -35 Years	19	45	26	33	45	41	209
	Between 35- Years	25	13	30	22	10	15	115
	Above 45 Years	36	36	29	31	39	37	208
	Total	100	100	100	100	100	100	600
Income	Till 30000	21	9	17	16	10	11	84
	Between 30 K-50K	19	21	25	20	14	16	115
	Between 50K -1L	39	34	26	35	38	35	207
	Between 1L-1.5L	11	25	14	18	22	24	114
	Above 1.5L	10	11	18	11	16	14	80
	Total	100	100	100	100	100	100	600

Source: Primary Data

Reliability Analysis

Before analyzing data, reliability of the data is checked with the help of Cronbach's Alpha.

Item analysis is done for both the measures of the impact (enterprises as well as social). All the statements related to enterprises' impact were considered good as inter-item correlation was good and further tested during factor analysis. All the 35 statements (17 from first part and 18 from second part) of schedule were subjected to alpha test of reliability; the Cronbach's alpha statistics for these measures were .836 and .831 respectively. Cronbach's alpha for all the items of the schedule is above 0.8; indicates very good reliability (Chawla & Sondhi, 2011). The Cronbach's alpha values above 0.8 or more are considered very good for research instrument validation and moreover values nearer to 0.5 can be considered for further analysis (Nunnally, 1978).

Table 4: Reliability Analysis

Description	No. of Items	Cronbach's Alpha
Impact of enterprises establishment on local development	17	0.836
Social status of localites residing nearby villages of industrial areas	18	0.831

Source: Reliability Analysis

Factor Analysis

17 statements of first measure of the study put to factor analysis so as to find out the dimensions perceived by the respondents (Table 5). The value of KMO's measure of sampling adequacy comes out to be 0.818 and Bartlett's test of sphericity was found to be significant which depicts that factor analysis can be applied on this data. Principal component analysis was used because the dimensions produced by factor analysis were to be further subjected to multivariate analysis.

Table 5: Factor analysis (PCA and Varimax): enterprises' impact

KMO's	0.818
Bartlett's Test of Sphericity (Sig.)	0.000
Variance Explained	56.50%
Number of Factors Extracted	4

Source: Factor Analysis

Vol.05 No.04 | August-2015 ISSN: 1839 - 0846

The basis for factor extraction was kept as rotated factor loading of at least 0.50 which is desirable (Costello and Osborne, 2005). To get the stable factor as measure of multivariate analysis, Cronbach's alpha was again checked for statements of respective factors. Application of factor analysis on statements measuring contributions/ impact of enterprises establishment in the area gave four factors solution. Fifty six percent variance explained was taken as the method for deciding number of factors. Though there is general perception to use factor in further multivariate analysis when the variance explained is at least 55 per cent (Malhotra, 2008) but in social sciences studies, 50 percent of variance is useful and can be taken ahead (Zenk and Eckhardt, 1970). Details of each factor containing respective statements are given in the Table 6 along with factors loading.

Table 6: Factors profiling: loading and stability (enterprises' impact)

Factor No.	Factor Name	Statements	Factor Loading	Cronbach's Alpha
1	Transformation of Village and Villagers (IF1)	Enterprises are providing employment to the villagers (I2)	0.751	0.817
		Enterprises have brought changes in the village (I1)	0.717	
		Women are also getting employment in the enterprises (I15)	0.621	
		Enterprises are contributing on the development of the area (I5)	0.621	
		Due to enterprises, villagers are earning livelihood in the area (I3)	0.598	
		Good market is established in the village due to enterprises (I7)	0.585	
2	Sense of Social Responsibility (IF2)	Enterprises are running awareness programme in the village (I14)	0.740	0.474
		Enterprises are causing pollution (I6R)	0.567	
		Health facilities have improved due to enterprises (I13)	0.565	
		Enterprises celebrate various functions in the village (I10)	0.534	
		Providing various types of training to villagers (I16)	0.403	
3	Skill Development (IF3)	Enterprises are using traditional skills of villagers (I8)	0.685	0.568
		Villagers are becoming skilled and technical (I17)	0.682	
		Villagers are exposed to new technology (I11)	0.482	
4	Change in Education Pattern (IF4)	Villagers are acquiring technical education to get job in the enterprise (I9)	0.699	0.573
		Youth are inclined to acquire skill based education (I12)	0.644	
		Educated and skilled villagers are getting job in the enterprises (I4)	0.592	

Source: Factor Analysis

Factor analysis was run three times to identify the underlying factors of the 18 statements measuring social status of villagers residing nearby villages of industrial areas. KMO measure of sampling adequacy and Bartlett's test of Sphericity supported the eligibility of data for applying factor analysis (Table 7). This time sixty percent variance explained and Cronbach's alpha value above 0.5 was taken as the method for deciding number of factors.

Vol.05 No.04 | August-2015 ISSN: 1839 - 0846

Table 7: Factor analysis (PCA and Varimax): social status

No.	Details		Remarks
Factor Analysis 1	KMO	0.732	One item (SS1) was reducing the Cronbach's Alpha value, Hence, dropped and factor solution was not accepted
	Bartlett's Test of Sphericity (Sig)	0.000	
	Variance Explained	64.39%	
	Number of Factors Extracted	6	
Factor Analysis 2	KMO	0.749	One item (SS17) having low communalities and serious problem of cross loading, moreover, this factor was not stable. Hence the factor solution was not accepted
	Bartlett's Test of Sphericity (Sig)	0.000	
	Variance Explained	60.99%	
	Number of Factors Extracted	6	
Factor Analysis 3	KMO	0.743	As the earlier factor did not give stable solution. Two items belonging to the factor having very low reliability value were deleted. The factor was again run for the leftover 16 items. This time, there was no problem and hence the factor solution was accepted.
	Bartlett's Test of Sphericity (Sig)	0.000	
	Variance Explained	63.78%	
	Number of Factors Extracted	5	

Source: Factor Analysis using SPSS 19.0

Application of factor analysis on statements measuring social status of villagers residing nearby the industrial areas gave five factors solution. Details of each factor containing respective statements are given in the Table 8 along with factors loading.

Table 8: Factor profiling- loading and stability (Social Status)

Factor No.	Factor Name	Statements	Factor Loading	Cronbach's Alpha
1	Urbanization of Villages (SSF1)	Traditional face of village is changing (SS6)	0.733	0.742
		Celebrating more functions and festivals (SS9)	0.703	
		Depletion of natural resources (SS2)	0.649	
		Villagers are accessing good market (SS4)	0.602	
2	Modern Life Style (SSF2)	Change in life style/ household requirements (SS12)	0.794	0.653
		Accessing modern goods / household items (SS3)	0.698	
		Meeting requirements due to undesirable social consequences (SS13)	0.617	
		Villagers exposed to new things of modern life (SS11)	0.559	
3	Improved Infrastructure (SSF3)	Getting facilities like cities/ towns (SS5)	0.673	0.593
		Villagers are accessing financial institutions for services (SS16)	0.669	
		Improvements in roads, electricity, and water situation (SS7)	0.634	
4	Empowerment of Women (SSF4)	Girls are getting equal opportunities (SS14)	0.832	0.710
		Women are empowered and having greater role (SS15)	0.763	
5	Change in Socio-economic life (SSF5)	Improvement in education level (SS8)	0.764	0.548
		Change in traditional occupations (SS18)	0.651	
		Matching social status (SS10)	0.607	

Source: Factor Analysis

Vol.05 No.04 | August-2015 ISSN: 1839 - 0846

V. ANALYSIS, DISCUSSION, AND HYPOTHESES TESTING

Results of stepwise multiple regression for factor SSF1 (Urbanization of villages) dependent variable with all the four factors (IF1, IF2, IF3, and IF4) measuring impact of enterprises as independent variables depicts a positive relationship between SSF1 and IF1 (Transformation of village and villagers) and an inverse relationship between SSF1 and IF3 (improved infrastructure) and insignificant relationship with IF2 and IF4 (Model 1). R square of 0.122 implies that model 1 explains 12.2 percent variation in the dependent variable. Model 2 explains almost five percent variation in SSF2 (modern life style) due to independent variables and finds positive relationship with IF1 and inverse relationship with IF2. Results exhibit insignificant relationship with IF3, and IF4. Model 3 explains positive relationship between SSF3 (improved infrastructure) and IF1 & IF4 (change in education pattern), and inverse relationship with IF3 and no relationship with IF2. Model explains 7.4 percent variation in dependent variables. Model 4 depicts significant relationship between IF1 & IF4 (independent variables) and SSF4 (empowerment of women) and no relationship with IF2 and IF3 and explains 15.2 percent variation in SSF4. Final model (model 5) describes the positive and significant relationship between SSF5 (change in socio-economic life) and IF1 and IF4 (Table 9).

Table 9: Multiple regression analysis

Stepwise Regression Models			
Factor	R Square	Independent Factors	Unstandardized Coefficients
SSF1	0.122	Constant	3.285
		IF1	0.316
		IF2	Non Significant
		IF3	-0.142
		IF4	Non Significant
SSF2	0.048	Constant	3.717
		IF1	0.124
		IF2	-0.078
		IF3	Non Significant
		IF4	Non Significant
SSF3	0.074	Constant	3.384
		IF1	0.154
		IF2	Non Significant
		IF3	-0.078
		IF4	0.121
SSF4	0.152	Constant	3.390
		IF1	0.172
		IF2	Non Significant
		IF3	Non Significant
		IF4	0.158
SSF5	0.095	Constant	3.456
		IF1	0.108
		IF2	Non Significant
		IF3	Non Significant
		IF4	0.093

Note: All values are significant at 5%
Source: Multiple (step-wise) Regression Analysis using SPSS 19.0

Vol.05 No.03 | August-2015 ISSN: 1839 - 0846

Regression equations depicting the relationship between the contributions of enterprises and social status of villagers are:

SSFI = 3.285+0.316(IF2) -0.142(IF3) …….. Eq. 1
SSF2 = 3.717+0.124(IF1) -0.078(IF2) …….. Eq. 2
SSF3 = 3.384+0.154(IF1) -0.078(IF3)+0.121(IF4) …….. Eq. 3
SSF4 = 3.390+ 0.172 (IF1) +0.158(IF4) …….. Eq. 4
SSF5 = 3.456+ 0.108 (IF1) +0.093(IF4) …….. Eq. 5

Where SSF1 = Urbanization of villages
SSF2 = Modern Life Style
SSF3 = Improved Infrastructure
SSF4 = Women empowerment
SSF5 = Change in Socio-economic life
IF1 = Transformation of village and villagers
IF2 = Sense of social responsibility
IF3 = Skill development
IF4 = Change in education pattern

It is clear from the results that there is minimal impact of enterprises on social development of the villagers. There may have positive and significant impact of IF1 (transformation of village and villagers) and IF4 (change in education pattern) on social development whereas IF2 (Sense of social responsibility & IF3 (skill development) have very little impact on the social development of the villagers residing nearby villages of industrial areas. Hence, H_1, H_2, H_3, and H_4 (hypotheses 1, 2, 3, and 4) are supported here, which means that there is significant positive relationship between enterprises establishment and social development. Establishment of small, medium, and large enterprises affect the living standard of villagers, provide employment and empower women of the nearby villages. But, results also indicate that a very few aspects of enterprises contribution (employment generation, market development and improvements in education) have the impact on social development of villagers and there may be some other factors which are contributing for the social advancement of the villagers in Himachal Pradesh.

Impact of Small, Medium, and Large Enterprises on the Villagers

Results of analysis of variance (ANOVA) measuring impact of enterprises establishment based on demographic profiles of the respondents are given in following tables.

Results in table 10 exhibit that industrial areas significantly differ with respect to various impact of small, medium, and large enterprises on nearby villages and villagers. Enterprises of Nagrota Bagwan, Sansarpur Terrace (both from district Kangra), Amb, Gagret (district Una), Baddi, Brotiwala (district Solan), Naduan, Hamirpur (district Hamirpur), Sauli Khadd (district Mandi) contribute in transformation of village and villagers; in the form of employment generation, market development etc., whereas industrial areas of Chamba (Hatli & Garnota) and Ratti (district Mandi) lack in these aspects. Results also indicate that enterprises of Nagrota Bagwan, Sansarpur Terrace, Amb, Baddi, and Brotiwala somewhere meet their social obligations as respondents are not denying this fact. Respondents of S.Terrace, Amb, Gagret, and Baddi industrial areas are not sure that skills developed among villagers are due to these enterprises or because of some other reasons whereas villagers residing nearby villages of other industrial areas are of opinion that enterprises have not developed any skills among the villagers.

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New South Wales Research Centre Australia *(NSWRCA)*
Vol.05 No.03 | August-2015
ISSN: 1839 - 0846

Table 10: ANOVA (Industrial Area-Wise)

Factor	Homogeneity of Variance		Difference of Mean Test		Mean											
	Levene Statistic	Sig.	ANOVA/ Welch-Brown-Forsythe	Sig.	Hatli	Garnota	Nagrota	S. Terrace	Amb	Baddi	Barotiwala	Cargete	Hamirpur	Nadaun	Ratti	Sauli Khad
IF1*	7.659	0.00	Welch	0.00	2.54	2.82	3.61	3.72	3.74	3.90	3.59	3.92	3.31	3.09	2.99	3.19
			Brown-Forsythe	0.00												
IF2*	1.257	0.25	ANOVA	0.00	2.46	2.53	3.19	3.12	3.23	3.02	3.06	2.37	2.68	2.47	2.58	1.58
IF3*	0.473	0.92	ANOVA	0.00	2.54	2.72	2.51	3.12	3.05	3.09	2.93	3.01	2.91	2.71	2.47	2.66
IF4*	3.700	0.00	Welch	0.00	2.95	2.67	3.15	3.55	3.51	3.56	3.43	3.52	3.02	3.43	2.87	3.15
			Brown-Forsythe	0.00												

Source: Field Survey

Note: * Significant at 5%

Vol.05 No.03 | August-2015 ISSN: 1839 - 0846

Enterprises of Nagrota Bagwan, Sansarpur Terrace, Amb, Gagret, Baddi, Barotiwala, Sauli Khadd, Nadaun, and Hamirpur have brought some changes in the education pattern of the villages whereas others do not contribute in transformation of education patterns of the areas. Hence, hypotheses 1 (H_1) is again supported here, which means enterprises are contributing in employment generation. Positive impact of enterprises established in Nagrota, Bagwan, Sansarpur Terrace, Nadaun, Hamirpur, Amb, Gagret, Baddi, Barotiwala, and Sauli Khadd may be due to the locations of these enterprises. Most of the above enterprises are established at the centre of the markets. Moreover enterprises of Baddi, Barotiwala, Amb, and Gagret are nearer to well developed markets of the nearby states like Punjab and Haryana (Table 10).

Results in Table 11 exhibit that there is significant difference in the opinion of the respondents from different walks of occupation with respect to all the variables considered for the study (IF1, IF2, IF3, and IF4). All the respondents except agriculturists opined that enterprises somewhat contribute towards transformation of village and villagers as compound mean is above 3. Respondents from business, labour, service and other class opine that these enterprises generate direct and indirect employment and have brought changes in the village. Results also indicate that enterprises of the area do not meet their social responsibilities and have no contribution in skill development of the villagers. Villagers are not sure that whether change in the education pattern of the village is due to these enterprises or some other factors are there.

Table 11: ANOVA (occupation-wise)

Factor	Homogeneity of Variance		Difference of Mean Test		Mean				
	Levene Statistic	Sig	ANOVA/Welch-Brown-Forsythe	Sig	Agriculturist	Business	Labour	Service	Others
IF1*	4.410	0.00	Welch	0.00	2.75	3.40	3.13	3.66	3.42
			Brown-Forsythe	0.00					
IF2*	5.36	0.00	Welch	0.00	2.43	2.54	2.76	2.96	2.80
			Brown-Forsythe	0.00					
IF3*	2.86	0.02	Welch	0.00	2.59	2.88	2.64	2.93	2.76
			Brown-Forsythe	0.00					
IF4*	1.980	0.09	ANOVA	0.00	3.03	3.19	3.23	3.22	3.5

Source: Field Survey

Note: * Significant at 5%

On the basis of above analysis, we can say that enterprises established in the state are transforming social life of villagers by providing employment to males and females, developing markets in the villages, and have minute impact on change in education pattern of the villagers. Whereas enterprises neither meeting their social responsibilities nor developing any skills among villagers.

Results of hypotheses testing

Hypotheses	Statements	Result	Technique Used
H1	Enterprises have impact on employment generation	Data supports	Multiple Regression & ANOVA
H2	Enterprises significantly affect living standard	Data supports	Multiple Regression
H3	Enterprises have significant impact on women empowerment	Data supports	Multiple Regression
H4	Significant relationship between enterprises establishment and social development	Data supports	Multiple Regression

Source: Results of analysis

Vol.05 No.03 | August-2015 ISSN: 1839 - 0846

The results of data analysis depict that there is very minute impact of small, medium, and large enterprises on the social development of Himachal Pradesh. Enterprises contribute in direct and indirect employment generation (Chang, 1964) again proved in the present study. Traditional villages experience transformation due to enterprises establishment in the region as earlier stated by Rao (1978). Results of regression analysis indicate that due to significant contribution of these enterprises in the above form, urbanization of the villages is taking place in the region. Analysis exhibits that if enterprises will fulfill their social obligation, results will be in the form of rural development. The study further indicates that neither enterprises are meeting social obligation nor developing any kind of skill in rural areas except the enterprises established nearer to feeder towns of the state. Social status of villagers residing nearby the industrial area is also good but this may be due to some other factors not completely because of enterprises established in the region. Overall, women of the selected villages are empowered and significant change is there in the education level of the villagers. Here, present study also supports the results of studies conducted by Prasad (1957), Jones (2003), and Kashyap (1988) that enterprises contribute in women empowerment and change in education pattern. Villagers of the region are enjoying all means of modern life as villages are moving towards urbanization. To improve the overall status of ruralites, enterprises must fulfill their social responsibilities and should focus on skill development of villagers. Agriculturists do not perceive any kind of contribution of these enterprises to employment and transformation of the region as they are not getting any direct/ indirect benefits from these enterprises. Enterprises of district Kangra, Hamirpur, Una, and Solan significantly affect the ruralites especially enterprises of Sansarpur Terrace, Amb, Baddi, Barotiwala, and Gagret industrial area where enterprises of small, medium, and large scale are operating in almost equal proportion. This may be due active participation and coordination of government agencies with enterprises. There is no such contribution in the villages of district Chamba and Mandi as these villages are backward and disconnected from main stream.

VI. CONCLUSION

Enterprises are always considered as engine of growth in all over the world and same is the case with Himachal Pradesh; hilly state of India. No doubt, these enterprises are playing a significant role on the social development of Himachal Pradesh. Enterprises established in the rural areas have significant impact on employment generation and transformation of the areas. Enterprises of the region have not been participating in any kind of social welfare programme in most of the areas. For overall social development of the region, active participation of villagers and government is must. Government focus should be on establishment and promotion of right mix of enterprises as development of enterprises in equal proportion has significant impact on overall development of the country (Chang, 1964).

Policy Implications

The results of the study show that varying impact of these enterprises have recorded in the region. On the basis of the results, policymakers can select the best possible combination of enterprises for the overall social and economic development of the state. Before taking any decision on industrial area/estate, location of the area must be taken into consideration as it has direct relationship with the social and regional development. High employment generating enterprises has more and direct impact on the localites. Government agencies must push enterprises to meet their social obligations like social connection, awareness programmes, skill development and training initiatives, etc. for villagers.

Limitations

The results of the present study are based on sample of six districts that too from one state only. Result may not be generalized as it covers only 12 industrial areas that too from rural region. Further, results cannot be generalized as it represents only to hilly state of India. To generalize results, data may also be collected from other parts of the country. Further, respondents were not interested to provide some useful information of qualitative nature.

Future Research Directions

The study focuses on industrial areas only and due to unavoidable factors, it ignores the negative aspects of the enterprises. Taking insights from the present study, researcher can analyze the impact of enterprises on other parameters of social and economic development of the villagers. Sector wise impact can also be analyzed to design appropriate strategies for enterprises establishment. The present study limits up to descriptive statistics, t-statistics, and ANOVA, factor and regression analysis, for further research, modeling and other statistical tools can also be applied. To validate the results, researchers can also test the methodology on other states and industries.

Vol.05 No.03 | August-2015 ISSN: 1839 - 0846

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Vol.05 No.03 | August-2015 ISSN: 1839 - 0846

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