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FACTORS INFLUENCING ENTREPRENEURSHIP IN RURAL COMMUNITIES: AN OVERVIEW ABOUT INDIAN SCENARIO

CZYNNIKI WPLYWAJĄCE NA PRZEDSIĘBIORCZOŚĆ W GMINACH WIEJSKICH: PRZEGLĄD SCENARIUSZA INDYJSKIEGO

Key words: entrepreneurship, rural areas, innovation, motivation, problems, India

Słowa kluczowe: przedsiębiorczość, obszary wiejskie, innowacje, motywacja, problemy, Indie

JEL codes: R1, M0, O1

Abstract. The main purpose of this study is to identify the route of entrepreneurial development and their associated emerging opportunities and the formation of essential strategies which are useful in order to achieve the goal. On the basis of the knowledge of the background and the long-term situation of the Indian labor market and by examining the trend, particularly the one which refers to rural development, the study also explores the potential entrepreneurial values with the help of recognizing the specificity of rural entrepreneurial culture, researcher can understand the current situation in the entrepreneurial environment of Indian villages and basic strategies for its development. Apart from that this research also identify the main factors influencing the developmental innovation in the rural environment. The paper implemented a descriptive research design using 85 randomly selected registered entrepreneurs from Vidarbha region, data collected were analyzed using quantitative research as the systematic observation, The data analysis indicated that there is great interest to initiate a business among young individuals, even if it is difficult to promote the entrepreneurial culture, and to create the environment required for new rural enterprise.

Introduction

Entrepreneurship development is increasingly seen as a promising alternative to traditional economic development, as it unlocks the potential of local citizens to create jobs and serve local tastes and markets. However, while much of the literature in entrepreneurship is dedicated to high-growth, high-tech development and its job-generating qualities, is this necessarily a good route for rural areas seeking to create jobs or, is rural entrepreneurship distinct from entrepreneurship as a discipline, presenting its own opportunities and challenges. Under the rural environment economic conditions, the entrepreneurship and company management imply a set of distinctive features which originate in the development stage of the Indian rural area.

Innovation and entrepreneurship is a significant phenomenon, which contests with and might transfer producer innovation in several areas [Baldwin, Von Hippel 2011]. There is a rising interest in this field and we know very slight about its applicability in the developing economies. Research on innovation and entrepreneurship to date has focused almost entirely on developed economy settings [Enos 1962, Knight 1963, Freeman 1968, Hippel 1988, Shah, Tripas 2007]. The phenomenon is understudied from the developing economy's perception. Several examples of rural innovations going on in India suggest that there is a necessity to inspect the applicability of present innovation and entrepreneurship theories in a developing economy. This background is quite different from that relating in developed economies. For example, institutional arrangements supporting markets are either absent or weak in developing economies resulting in institutional voids [Mair, Marti 2009]. This hampers entrepreneurial activities in developing countries [Mair et al. 2012] and India [Khanna, Palepu 2010].

Entrepreneurs are innovators of the economy. The importance of innovation in entrepreneurship is revealed by coming up with new way to produce a product or a solution. A service industry can develop with other type of service to fulfill the ever-changing needs of their clients. The importance of innovation in entrepreneurship is alternative key value for the endurance of a business. Entrepreneurs and businesses started with a need. They saw the need within the community and among themselves that they have come up with a solution.

Materials and methodology

The main objectives of this study is to identify the route of entrepreneurial development and their associated emerging opportunities from the analysis of trends and characteristics revealed on a Indian small medium size enterprises, particularly in the rural area. The research was designed through the results obtained from the analysis of data concerning entrepreneurship in its relationship with social and economic provinces, the formative educational field and the labor market dynamics of India. The objectives are the following:

- to determine the rural entrepreneurship perspectives, from their occupational performance and the motivations behind business startup,
- to identify the feasible entrepreneurial opportunities in the rural areas in order to encourage development of enterprises,
- to draw the profile of the rural entrepreneur – values, attitudes and qualities.

With reference to above research questions, the following hypotheses were formulated:

H1: Identify the feasible entrepreneurial opportunities in the rural areas to encourage development of enterprises these initiatives.

H2: The structure of the business sector in the rural area has a diversity of investment provinces.

H3: The community, the prestige and the authority are the factors which prevent the success of rural entrepreneurs.

This research employed small medium entrepreneurship activities for development of rural areas of India, the researchers chose Vidarbha region as a research area. The study is empirical and explanatory, the exploratory quantitative research was completed by means of a questionnaire which was circulated to a sample of probable rural entrepreneurs from Vidarbha region. The study was conducted by a random selection of 85 participants, aged between 18 and 60 from small and medium size enterprises registered with this District Industries Centre.

Results

From the research it has been disclosed that maximum respondents that is 38% from 25-35 year age group while 21% respondents belong to 25 years as well 28% and 13% respondents from 34-45 year and 45-60 year age group respectively. The result implies that most of the respondents are in their active and productive in 25-35 age. The implication of this result is that majority of the respondents i.e. 68% are males while females constitute only 32% respondents. The implication of this result is that majority of those who engaged in entrepreneurial activities are males it shows women dominating Indian culture. As far as educational level of the respondents is concerned, 28% of the entrepreneur's respondents had got secondary education, 21% respondents had National Diploma while 41% respondents are bachelor degree holder and only 10% respondents were post graduate. The implication is that majority of the entrepreneurs are Secondary School Certificates holder.

In order to measure entrepreneurial motivation. As for the attitude towards the work they perform at the time of the research, the potential entrepreneurs consider that, although it is attractive and appreciated by the other citizens, it fails to secure them the long-expected income. The reasons which determine potential entrepreneurs to start a business are as diverse as the activities in which they choose to be involved. The graph below shows the main entrepreneurial

Table 1. Socio-economic profile of entrepreneurs (N=178)
 Tabela 1. Profil społeczno-gospodarczy przedsiębiorców
 (N = 178)

Variable/Zmienna	Number of respondents/ Liczba respondentów	Percentage/ Udział [%]
Age [years]/Wiek [lata]: – up to 25/do 25	18	21
– 25-35	32	38
– 35-45	24	28
– 45-60	11	13
Gender/Płeć:		
– male/mężczyzna	58	68
– female/kobieta	27	32
Education/Wykształcenie:		
– secondary/średnie	24	28
– diploma/podyplomowe	18	21
– bachelor degree/licencjat	35	41
– master degree/ magisterskie	8	10

Source: own study

Źródło: opracowanie własne

motivations as resulted from the research we performed. The result shows that the most consistent group of 13 respondents have perception that entrepreneurship as a source of higher income (14%) and 9 respondents were attracted by the idea of being independent (11%). 11 entrepreneurs have another type of motivation lies in the desire to provide security and a good future for the family (13% of the investigated subjects). Another category of entrepreneurs is constituted by what we may call “authentic entrepreneurs”, whose motivation lies in the desire to borrow and put into practice business models in the domains in which they have experience (10%), or the ones who are not content with their previous work. On the contrary 11 respondents (13%) forced to become entrepreneur because of family tradition they have to continue the family business. 7% of respondents mainly were woman; who want to utilize their free time and wish to support family by extra source of income. India is a

country where everyone wants to work with government services for financial and job security but unfortunately looking towards Indian population government cannot provide jobs to everyone and private jobs that's why nowadays individuals were entering into entrepreneurial activity from our study. 12% of respondents have opinion that there is not sufficient opportunities in Government jobs. 7% of respondents being employer would like to provide job opportunities to other local peoples. This result of the study denies the first hypothesis, namely the idea that potential entrepreneurs from the rural area have no motivation to start a business; therefore, hypothesis H1 hypothesis is accepted.

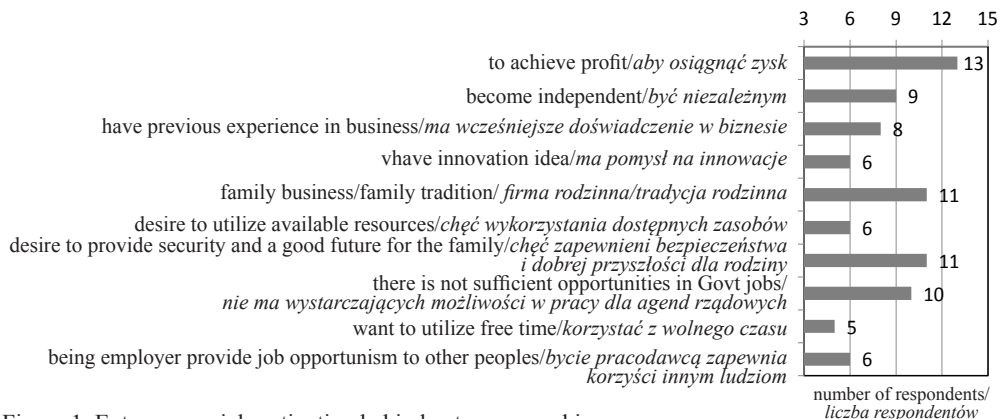


Figure 1. Entrepreneurial motivation behind entrepreneurship

Rysunek 1. Czynniki motywujące do przedsiębiorczości

Source: own study

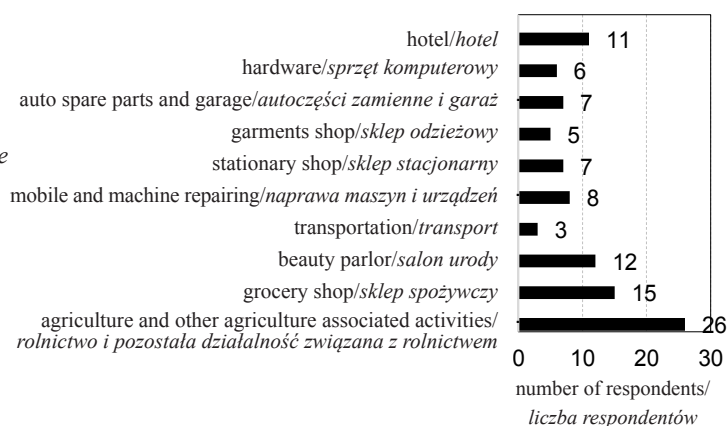
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Figure 2. Entrepreneurial activities

Rysunek 2. Działalność przedsiębiorcza

Source: own study

Źródło: opracowanie własne



From the current study, it has been observed that small-medium size entrepreneurs are engaged in several types of entrepreneurial activities. Graph 1 implicates that, majority of 26% respondents were associated with agriculture and agriculture associated activities. Out of 85 respondents, 15% respondents were running grocery shops, only 3% respondents were engaged in the transportation of goods and passengers. 12% respondents are running beauty parlours whereas 8% of respondents engage in mobile, machinery selling and repairing shop and 8% of respondents running auto spare part shops. Whereas 7% respondents had stationary shops. Other entrepreneurial activities included: Garments shop 5% Hardware shop 6%, Hotel-Dhabas 11%. The investment preferences of rural population are directed to agriculture and associated activity is very high than other entrepreneurial activities. From the very beginning it must be noted that, in comparison with the current structure of the rural business sector, there is an at least declarative diversification trend of the investment areas towards other sectors. This certifies the H2 hypothesis mentioned above.

Entrepreneurs plays a very important role in the economic development of country. They face numerous problems and challenges in day to day activities. As the thorns are part of roses, similarly every flourishing business has its own kind of problems. Some of the major problems faced by rural entrepreneurs. From the responses received from rural entrepreneurs above results were evaluated in figure 3. Generally, the rural population consider that in order to be effective, a person must have money, be competent and they have idea that exactly what they want to do in their activity, to be independent and have the support of both influential people and of their own family. Thus, hypothesis H3 is accepted. The index value of each variable comprising the entrepreneurial style (over an interval from 1 to 5, where 1 means total openness towards entrepreneurship and 5 its total rejection) as resulted from the quantitative research of potential rural entrepreneurs is presented below. The values admitted by the subjects are to a certain extent different from the value profile of the ideal entrepreneur.

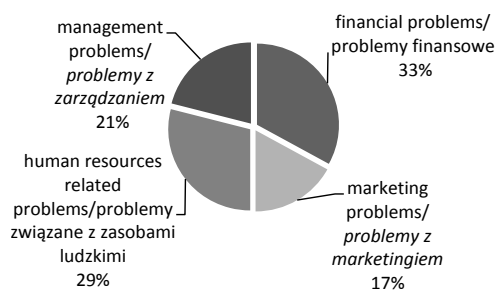


Figure 3. Problems associated with entrepreneurship

Rysunek 3. Problemy związane z przedsiębiorczością

Source: own study

Źródło: opracowanie własne

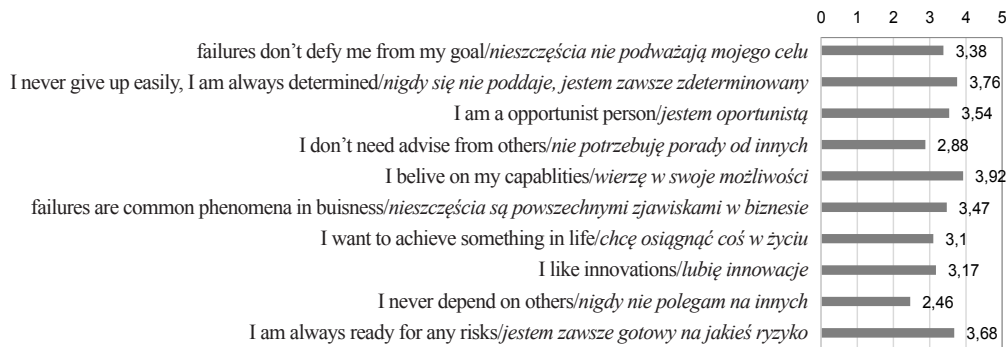


Figure 4. Problems associated with entrepreneurial values

Rysunek 4. Problemy związane z wartościowaniem przedsiębiorczości

Source: own study

Źródło: opracowanie własne

Conclusions

From the current study research, it has directed to a sequence of results which highlighted, among other aspects, the motivational factors related to entrepreneurial innovation. Thus, the most important influences in favor of introducing new businesses are associated to providing a decent living standard. Concerning the increasing attraction of business environments for new business initiatives, the respondents indicated, in this order: agriculture, services, commerce and tourism.

The three dimensions discussed above, namely motivation, opportunity and problems of entrepreneurial activity are factors which shape the entrepreneurial profile as it is organized in the subjects' depiction. The values recognized by the subjects of the study are to a certain extent different from the value profile of the ideal entrepreneur. The essential ethics of the entrepreneurial type, such as acceptance and indecision control, risk taking or the acceptance of failure is rather guardedly shared by possible rural entrepreneurs. Starting from the defined objectives of the study concerning initiatives and opportunities in the rural environment the suggested hypotheses were either accepted or rejected, such as Potential entrepreneurs from the rural areas don't have any motivation to start a business – rejected, the alternative hypothesis is accepted. While other hypothesis The structure of the business sector in the rural area has a diversity of investment provinces – rejected, the alternative hypothesis is accepted. And The community, the prestige and the authority are the factors which prevent the success of rural entrepreneurs – accepted. The facts of this study has demonstrated that there is a discrepancy of rural entrepreneurial culture and recommend to increase of the efforts in terms of entrepreneurial education of the rural population in India.

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Streszczenie

Podjęto próbę identyfikacji czynników mających wpływ na rozwój przedsiębiorczości i innowacyjności na terenach wiejskich w Indiach. Na podstawie danych zgromadzonych od 85 przedsiębiorców z rejonu Vidarbha w Indiach, stwierdzono, że chociaż wielu młodych ludzi przejawia postawy przedsiębiorcze, to istnieją przeszkody ograniczające powstawanie nowych przedsiębiorstw.

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