

EMPOWERMENT OF RURAL ENTREPRENEURS AND INFLUENCING FACTORS FOR PERFORMING BUSINESS IN INDIA

K. Maran¹, T. Sivagami², C.R.Senthilnathan³, S.Sankar¹ and V.Hemanthkumar¹

¹Sri Sairam Engineering College, Chennai

²Christ College of Science and Management, Bangalore

³Sri Sairam Institute of Technology, Chennai

Abstract

Though India is emerging as a developed nation, still a vast majority of people are living in rural India. Agriculture and agriculture related work are the main source of income for their livelihood. India to achieve success for its development, the country should give more importance to the development of rural sector. This paper mainly hunted to determine the factors which impact the entrepreneur of the rural India by empowering them and further the study targeted to assess the perils and critical factors disturbing the rural entrepreneurial development of a rural business. Questionnaire was framed to collect the primary data from 168 entrepreneurs in rural India. The sample was collected from the MSME entrepreneurs functioning in the rural areas of the various states of India. Of the four factors, economical factor, social factor, environmental factor and motivational factor, the economical factor has the highest influence in empowering the rural entrepreneurs in India.

Keywords: *empowerment, rural entrepreneurs, economic growth*

1. Introduction

Indian rural economy endures even today to be rural. Villages are important unit in the Indian social life and majority of the rural Indian people are socio-economically poor. The need of the hour is to create the right atmosphere in rural areas for the entrepreneurs. One of the major problems faced by the Indian rural entrepreneurs is the lack of purchasing capabilities, lesser profit margin and high competition. In this regard, the rural India has to face long battle to reduce poverty and rural development a new impetus. Unemployment and faster growth rate in the global population has widened the ridge between various income cohorts, and further an increase in socio-economic problems. Further, insufficient income and the lack of business opportunities, poor motivation among rural people had made developing countries to explore new ways to create employments and push the

livelihood of the rural poor. To overcome such challenges the countries across globe come with a new paradigm on rural entrepreneurship. To approach this challenge in a better way many experts from the field of economics and socio-psychology have come forward. A paradigm shift of focus on rural entrepreneur, the earlier thoughts of 'welfare' towards the 'development' and it moved towards the 'empowerment' from nineties. Several frontages have taken up poles appropriate initiatives to uplift rural, semi urban and urban people to fetch them in the mainstream of growing economy. Empowerment give the rural people to get better confidence, better understanding, better interpersonal skills, better decision making skills and control which lead to transformative and entrepreneurial capacity among them. Most of the experts have suggested that empowerment of rural

people is a strategy for uplifting their status by socially, economically and politically.

The study is intended to assess the risk and perilous factors which are influencing the rural entrepreneurial empowerment in the progress of business in rural India. Structured questionnaire was framed using appropriate scales and used to collect the data from 168 entrepreneurs in rural areas of India. The research work is carried out

1.1 Review of Literature

India has 72.2% of its populations living in the rural areas and its economy depends on rural economy. Agriculture and agriculture related activities are the major sources of income. Moghana Lavanya, et al (2014), in their study on rural entrepreneurs in India, suggests that the only way to promote economic and social development in rural India is Entrepreneurship. It not only solves the socio-economic problems of rural India but also solve the major issues of unemployment and migration of rural population in India.

Padam Bhushan (2018), finds the only way for the development of rural area is Entrepreneurship. This can be achieved by motivating rural entrepreneurial endowment and encouraging rural start-ups. This further helps in development and growth of rural areas and generate self employment. G.Jayabal and M.Soundarya (2016) in their study Opportunities and Challenges of Rural Entrepreneurship in India, says that Entrepreneurship is an important engine for the growth of economy. Rural entrepreneurship is creating employment opportunity to rural

in small and medium rural entrepreneurs in Indian semi urban and rural areas. The findings of the current study is limited by small sample and quantifiable in nature. The study helps for carrying further research to encourage the entrepreneurial growth culture in rural India among the young people to become future entrepreneurs in developing our emerging economy.

people which will give a major solution towards migration from rural areas to urban. Raju and Bhuvanewari, (2014): Their Study focused on Entrepreneurship in the rural area of the India in which they analysed about the impact of rural entrepreneur and problems they facing. The research has inferred that the rural entrepreneurs can be encouraged and motivated by the government on introducing various new schemes and creating more infrastructural facilities in this district to empower the entrepreneur's performance and the respondents were expecting more subsidies from the government. P.Talukdan (2014) said that the rural economy is misery from agriculture production and marketing, and the author suggested to reinforce the rural economy through creating agripreneurs in rural extents. In addition to this Pharm, et al, (2013) analysed the challenges faced by entrepreneurs in rural areas. The major outcome of the study was that majority of the women entrepreneurs lack in strong leadership which is one of the vital requirement for being a good and successful entrepreneur. The challenges

they face are financial and insufficient infrastructure. There are many women entrepreneurs who face the problem related to finance and poor infrastructure, lack of awareness. The study emphasised that rural women can be educated and motivated in such a way to lead their business successful. Hansen, et al(2010) opines that factors for a good entrepreneurship include the size, innovative ideas, entrepreneur experience, and government support for the survival of rural entrepreneurs .

Otto Kroesen & Rudi Darson (2013), the rural farmers should be gradually motivated by introducing training in lean process and competence to make them better in the production as well as in creating new ventures. These steps taken will definitely move the rural entrepreneur to a greater capacity in growth and also empower them by providing more job opportunity. This thereby gives chance to increase metropolitanization . Entrepreneurs ' leadership capabilities skills and societal learning capabilities will have a positive effect in limiting the caste issues, which are prevalent in rural India (Maria Costanza Torri (2014)). In dealing with the importance of micro-finance the study by Misal.D.M (2013) reveals that, micro-finance gives sensible development strategies and other relevant approaches to attain the goals of the rural entrepreneur and also it creates a good platform to catalyze their activities. The study concludes that micro-finance is a powerful catalytic tool to alleviate poverty and put them in a systematic growth path at par with countries growth.

In a male dominated rural entrepreneurs, the study by Eugene Franco, and Sharmi Selvakumar (2016) suggests that women are also equally competent in execute a business. Also they opine that the women entrepreneurs lack empowerment. As far as the social status of the women entrepreneurs are concerned, still they are poor in society. The study also suggests that the Government should pay attention on the women rural entrepreneurs to accelerate their growth in business. For the upliftment of a society it is very much essential to empower women entrepreneurs economically, socially and politically, especially the under privileged in the society. The study by Lakshmi Tulasi Devi Surapaneni, Vikas Bhatnagar (2015) explored the different factors including income enhancing activities which are supposed to increase the empowerment of the rural women entrepreneurs. The study further analysed the influence of personal traits and empowerment of the women entrepreneurs. A solution is proposed by them in overcoming the constraints of rural women and the ways and means to empower rural women entrepreneurs.

When more and more studies question about the economic conditions of the rural entrepreneurs, the study by Ediagbonya, Kennedy (2013), analysed to find the influence of education in ensuring the entrepreneurs in economic empowerment. He suggests that the entrepreneurs should be educated to progress in their business and also the government should give priority to the educated by motivating them to become a successful entrepreneurs. In empowering the rural entrepreneurs, Pradhan and Talukdar

,(2014), has taken the entrepreneurship development and management index (EDMI) as a tool to establish a relationship the entrepreneurship development and sociopsychological, sociopersonal and communication related factors which are associated with the organisation. They in their study have identified five factors like economic and social competency, family interaction, education, capacity orientation and personal character which have an influence on the entrepreneurship development and management index (EDMI).

The study by Bunker Roy, (1981), analysed the recent changes in the rural development strategies. He emphasises that the government financial missionaries is to provide loans and motivate the rural youth in starting their own business. Also the government should provide all the technical and socio-economic services at free of cost to the rural poor. Gender equity and rural women's empowerment are the two important factors for the development of an economy. The study by Evelyn Derera, (2015), implies that the women are more active participant in agriculture related activities and they make sizable contributions towards agro-food production and generate income through entrepreneurial activities. When it comes to the use of scarce resources the Indian rural entrepreneurs use it very meticulously in a very efficient manner thereby increase profit and minimise the cost (Sandeep saxena, (2012)). In his study identified the major problems faced by the rural entrepreneurs are the literacy, fear of risk, lack of motivation and training with

limited purchasing power. Also Vijaykumar sarabu (2016) opine that the major problems in Indian rural entrepreneurial growth are the fear of risk, illiteracy, and competition

1.2 Problem Statement

Indian industrialization is not possible without rural India participation, (Vedanthadesikan 2016). India is a developing country and has 78 % rural population. Nearly 6.2 to 7.4 % GDP has been provided for the growth of entrepreneur development. Effective policies formulation and implementation by the government is the only way to achieve it. There is always scope for improvement in the rural area Entrepreneurship with the help of modern technology. India is predominantly (Ramesh Chand, S. K Srivastava and Jaspal Singh 2017) a rural country with their contribution around 45% in national income. Rural entrepreneur's skills, Education and Knowledge, their abilities in business must be fully utilized for the growth of industries by empowering the rural entrepreneurs. This further brings down the imbalances and reduces the poverty. Nowadays, more of rural people with innovative entrepreneurial talents are there in the rural areas. This has to be harnessed and convert them from "Jobseekers" to "Job givers". India being an industrially developing state some of the entrepreneurs do well in small scale agriculture industry and also in manufacturing industries. The rural people in India are less motivated to start business units due to high risk taking, lack of motivation and poor infrastructure facilities. Thus, current study attempt to understand the entrepreneurial development challenges among rural entrepreneurs.

2. Methodology

Research methodology is a major tool to design the research. In this survey the researcher has been used two different data like Primary and Secondary Data. The primary data is used to collect through a structured questionnaire and data collected from the respondents. The secondary data were collected through published information like journals, magazine, books, and thesis etc., the researcher has adopted convenience sampling methods with sample size of 168 rural entrepreneurs restricted only in India rural area with the condition of running business minimum three years. Sample size determination formula

$$Ss = Z^2 * (p) * (1-p) / e^2$$

Where: Z = 1.96 (at 5%)

p= proportion percentage

e = error. Ss = 168

The Reliability test was carried out, and all study constructs' reliability score was

found to be more than 0.82 which matches the Nunnally (1978) score for a good reliability.

3. Data Analysis and Interpretation

The primary data collected through a structured questionnaire and analysed using statistical tools like factor analysis, and chi – square test. The below table shows Chi- Square values of socio-economic and empowerment. To explore influencing study variables and socio economic profile influence the empowerment of rural entrepreneur the following demographic information are investigated. Demographic details such as age, gender, marital status, type of family, education, experience, entrepreneur category, type of agro based industries, business size, legal status of your business, location, area for business operation, reason to start a own business, sources of funds, annual turnover are collected through questionnaire

Table 3.1 Type of Business

Particulars	Frequency	Percent
Mango Pulp & Juice	44	26.4
Granite Industries	38	22.6
Coconut & Coir Products	31	18.4
Rice Mill & Flour Mill	24	14.2
Textiles	31	18.4
Total	168	100.0

Source- collected primary data

It is found from the table 3.1 shows that the around 26.4% of respondents are Mango Pulp and Juice, about 22.6% of the respondents are in Granite

industries, 18.4% of the respondents are in Coconut & coir products, 14.2% of respondents' are in Rice Mill and Flour Mill and

around 18.4% of the respondents are in textile.

Table 3.2

Sl. No	Dimension	Value of Chi-Square	Sig.	Significance/Not significant
1	Age	9.296 ^a	.002	Significant
2	Gender	.055 ^a	.921	Not Significant
3	Respondents' Marital Status	5.512 ^a	.000	Significant
4	Type of Family	.288	.649	Not Significant
5	Respondents' Literacy	7.765 ^a	.000	Significant
6	Previous Experience	6.859	.000	Significant
7	First Generation Entrepreneur	3.766	.004	Significant
8	Family Business	3.528	.005	Significant
9	Current Business	17.136 ^a	.000	Significant
10	Business Type	111.873	.000	Significant
11	Size of Business	1.761	.260	Not Significant
12	Legal aspects	5.208	.004	Significant
13	Business Location	3.382 ^a	.119	Not Significant
14	Reason for business	12.265 ^a	.000	Significant
15	Reason for own Business	8.057 ^a	.019	Significant

To find out the significant relationship between independent dimensions and dependent rural entrepreneurs empowerment a chi-square test was applied. It is observed from the table 3.2 that the p (sig) value is less than the 0.05 the following variables such as age, marital status, respondents' literacy, previous experience, entrepreneur category, business activity, relationship, inspiration to business, business type

(agro based industries, manufacturing industries) legal issues, the area for business operation, reason to start a own business have a significant association with empowerment. Some of the variables are not significant for which p (sig) value is greater than 0.05 and hence the that there is no significant relationship between Gender, Family type, Size of business and Location of business and empowerment of rural entrepreneurs.

3.3 Factors and Total Variance

To decide the number of factors, Principal Component Analysis (PCA) method is applied with orthogonal rotation for those factors whose "Eigen Values" with greater than 1. The results obtained are shown in the table 3.3 with factor loadings. Factor empowerment which contribute for

around 14% of variance is considered as the first factor. The second factor contributes around 13% and third factor contributes around 12% . The overall cumulative variance contributes to around 39%. The table 3.3 gives the factor matrix.

Table 3.3

Statements	Component		
	1	2	3
Desire to have high earning	.633		
Need for Achievement	.623		
Competitiveness of business	.571		-.511
Market Accessibility	.522		.510
Infrastructure	.505		
Family Background	.491		
Government policies and regulation	.448		
Self Esteem	.442		
Education background	.422		
Cultural value	.420		
Risk taking	.420		
Government Instability	.419		
Economic Conditions on Investment		.645	-.425
Labour Intensive		.575	
Availability of raw Material		.556	
Attitude of the Society		.455	

(Source: Primary Data)

The below table 3.4 shows the factor loadings and the corresponding weights attached to each of the factor. Based on the scores the variables are

aggregated and the variable is formed. Therefore, all the 16 variables in the dataset are reduced into 4 useful factors.

The table shows the Grouping of factors that influence the empowering the rural entrepreneurs

Table 3.4

Factors	Statements	Scores
Economic Factor	Economic Conditions on Investment	.821
	Availability of Raw Material	.803
	Labour Intensive	.701
	Market Accessibility	.692
	Infrastructure	.440
Social Factor	Education background	.603

	Family Background	.582
	Attitude of the Society	.422
	Cultural value	.333
Environmental Factors	Competitiveness of business	.582
	Political Instability	.462
	Risk taking propensity	.460
	Government regulation	.449
Motivating factors	Desire to have high earning	.772
	Need for Achievement	.613
	Self Esteem	.433

(Source: Primary Data)

The above table 3.4 shows the factors and scores of the various statements used in the instrument. Based on the factor scores the factors are ranked. From the table, it is understood that high scores are for the factor empowerment. The 16 statements with their corresponding scores and corresponding ranks are mentioned in the table 3.5.

The table shows the Empowerment attributes Scores with Ranking

Table 3.5

Statements	Scores	Rank
Economic Conditions on Investment	.821	I
Availability of Raw Material	.803	II
Desire to have high earning	.772	III
Labour Intensive	.701	IV
Market Accessibility	.692	V
Need for Achievement	.613	VI
Education background	.603	VII
Family Background	.582	VIII
Competitive of business	.506	IX
Political Instability	.462	X
Risk taking propensity	.460	XI
Government policies and regulation	.449	XII

Infrastructure	.440	XIII
Self Esteem	.433	XIV
Attitude of the Society	.422	XV
Cultural value	.333	XVI

[Source: Primary Data]

4. Conclusion

India lives in villages. Experts have suggested that empowerment of rural people is a strategy for uplifting their status by socially, economically and politically. To understand the challenges of the rural entrepreneur the study was initiated. The researcher has analysed and explored on rural entrepreneur's empowerment with pertaining to the various factors and ranked by the respondents like economical factor, social factor, environmental factor and motivational factor. The factor which has more influence is the economical factor. In this respect, Government has to create an environment for a good economic growth, GDP and control the inflations which will encourage the rural entrepreneurs by giving them more confidence and chances to investment in rural areas. The second priority factor ranked by the rural

entrepreneurs is social factor, in this respect; the ministry of higher education has to equip modern education system with the recent technology for enhancing the rural entrepreneurs' opportunities for start-ups in rural areas. In addition to this, the education systems also creates values, culture and customs to strengthen the rural entrepreneurs. The third and fourth factors are environment and motivations, the transparent regulations and good political climate may encourage rural entrepreneurs for a better empowerment in their fields. The last but not least factor which is very important and also the need of the hour is motivating young minds in the rural area by enhancing the Indian economical growth and generating more support for the rural entrepreneurs for the betterment of Indian rural society to compete in the global competitive market.

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