

Factors Affecting Rural Entrepreneurship

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Abstract: Entrepreneurship is identified as important requirement for sound and healthy economic development. The improvement in rural entrepreneurship results in advancement of self-employment, effective utilization of raw materials, capital, labor etc. There are several factors which influence the decision of rural entrepreneurs. Some factors are influence in a positive manner and some are in negative way.

Keywords: Entrepreneurship, Expectations, Factors, Rural entrepreneurship.

1. Introduction

India is an agricultural country. Large geographical area is considered as rural area in India. Many people will see their livelihood in the villages in different ways. Entrepreneurship is considered one of the important elements in rural areas. Rural entrepreneurship is defined as entrepreneurship whose roots lie in the rural areas has a lot of potential to drive various opportunities in business, agriculture and industry and contribute to the economic development of the country. According to KVIC (Khadi and Village Industry Commission). "Rural or village industries are industries which are situated in rural areas, population of which will not exceed 10,000 which create any products or provide service with or without utilization of force."

2. Factors which affect Rural Entrepreneurship

The emergence of rural entrepreneurship is dependent on various factors. It includes economic, social, political and psychological factors.

A. Economic factors

Economic factors which influence rural entrepreneurship are as follows. They are

a) *Capital:* Capital is one of the important requirements of any business. Capital formation is difficult in rural entrepreneurship because of lack of awareness regarding to sources of capital which are available to rural entrepreneurship. Entrepreneurs have to invest in profitable business which results in more profit so that it helps in capital formation for future course of actions.

b) *Labor:* Labor is one of the factor affect rural entrepreneurship. In rural areas it is very easy to access the labor force. But one major demerit of this is that rural laborers are less aware of new technologies and latent skills. They are also considered less mobile or immobile in nature.

c) *Raw materials:* There will be no entrepreneurship in the absence of quality raw material in a reasonable price. Entrepreneurship also depends on how an entrepreneur grabs the opportunities with available sources.

d) *Market:* The composition and size of the market will influence the rural entrepreneurship. Promotion and distribution of goods and services is a difficult task in rural areas. Improvements in the markets results in large entrepreneurial appearance.

B. Non-Economic factors

a) *Social mobility:* social mobility influence rural entrepreneurship. Rural people or laborers area always considered less mobile or immobile.

b) *Family background:* It includes size of the family, type of family, and financial soundness of the family etc which influences rural entrepreneurship. Background of family in manufacturing has given the sources of industrial entrepreneurship. Motivation by the family members towards entrepreneurship also results in decision making.

c) *Education:*

The system of education plays an important role in entrepreneurship. Today Education available to the people lags very much from job industries. Education systems are much focused on preparing the students to get salaried jobs instead of making them entrepreneurs.

d) *Attitudes of society towards entrepreneurship:*

Some societies will give much scope to new innovations. But some of the societies will not like any changes. In such situation entrepreneurship will not grow in a healthy manner. The traditions, culture etc. of the society will not give much scope to the entrepreneurship in rural areas.

C. Psychological factors

a) *Need achievement*

It is a motive to excel that tends to characterize successful entrepreneurs. When there is high need achievement in a society then one can observe large amount of entrepreneurship development in that society. Need achievement concept will influence a person to take risks and put more efforts on success.

b) *Motives:*

Motives or goals of the person influence on entrepreneurship. Other than wealth entrepreneur expects more power, prestige and service to the society which results in more efforts and identifying various entrepreneurial opportunities.

3. General Problems of Rural Entrepreneurs

There are various problems that affect rural entrepreneurship. They are,

1) Problems during setting up of the business:

There are various problems that one entrepreneur will face during running his business. Problems like less confidence about strength and his competence, lack of finance, socio cultural disturbance, lack of managerial skills, production problems, problems of availing raw materials, low level of risk taking attitude etc will affect the rural entrepreneurship while running the business.

2) Social and personal problems:

There are some personal and social problems will affect the growth of rural entrepreneurship. Problems like role conflict, lack of leadership qualities, lack of related field experiences, gender based discrimination to women entrepreneurs, lack of family support, less support from community and society, fear of failure and criticisms from others etc. will affect the growth of rural entrepreneurs.

3) Entrepreneurial and business problems:

Entrepreneurial and business problems includes understanding government rules and regulations, workforce management, lack of technical knowledge, less managerial education, lack of working capital, labor conflicts etc. will affect the rural entrepreneurs.

4) Marketing problems:

Marketing problems include local competition, unfavorable market, problems on transportation, problems on credit sales, problems from middle men and marketing people, promotion and distribution problems etc. will put more obstacles to the rural entrepreneurs for the growth of their business.

5) Other problems:

It includes problems like stress, competing with other similar entrepreneur, reserve attitude of people and society, lack of knowledge on new trends etc will lead the rural entrepreneurship in negative directions.

4. Expectation of Rural Entrepreneurship

There are various expectations of rural entrepreneurs from society, family and government.

1) Expectation from the society:

Rural entrepreneurs expect equal treatment and respect in the society. They also expects improvement in mentality of the people, changes in attitude towards entrepreneurship, security etc.

2) Expectation from the family:

Rural entrepreneurs expect various aspects from their own family members. They expect help by the family members in the business operations, motivation, respect to profession by the family members, suggestions and opinions while taking

decisions and financial helps etc.

3) Expectations from the government:

Entrepreneurs expect important elements from the government such as maximum availability of loans, low rate of interest on loans, availability of training programs, special incentives and subsidies etc. these expectations of rural entrepreneurs play a very important role in the development of rural entrepreneurship.

5. Suggestions

- 1) There should be proper training facilities and help to find out opportunities to the rural entrepreneurs.
- 2) Government has to provide interests free loans, more subsidies and promote entrepreneurial interests on rural areas.
- 3) More rural cooperative societies have to be started to procure the products from rural entrepreneurs.
- 4) There should be good infrastructural facilities like transportation, power supply and proper warehouse facilities to the development of rural entrepreneurship.
- 5) Governments should conduct more number of trade fairs, exhibitions, conferences to provide awareness and knowledge regarding entrepreneurship.
- 6) There should be attempts to improve education system in rural areas. It should provide practical experience and skill based concepts.

6. Conclusion

In India there are sufficient opportunities for small businesses but more amounts of factors which influence the people to get into rural entrepreneurship. Some factors may influence in positive manner and some are in negative way. So Government and NGOs have to create awareness about the benefits of entrepreneurship in the minds of rural youths. There should be proper interrelations in between education, awareness, and the entrepreneurship in rural areas.

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