

## Analysing the risk orientation of cane and bamboo handicraft entrepreneurs with respect to their socio-economic correlates in Assam

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Received: 05.03.2011, Revised: 27.07.2011, Accepted : 29.08.2011

**Key words:** Entrepreneurship development, handicraft enterprise, risk orientation, technological intervention

In the changing perspective of entrepreneurship development the major emphasis is given to the risk taking behaviour of the entrepreneurs for profit maximisation. The concept of 'entrepreneurship development' is becoming global phenomenon today not only because of industrial growth and business ventures but also a solution of unemployment and for the socio-economic prosperity of the community. An entrepreneurship development process is a judicious blend of management and risk orientation process for profit maximization. The spirit of entrepreneurship development is quite old and plays an important role in the development of people economically and helps in solving the unemployment situation in the society. It generates large-scale employment with relatively low capital, promotes more equitable distribution of national income and makes use of untapped capital and human skills. The craft or handicraft sector is the largest decentralized and unorganized sector of the Indian economy and is among India's largest foreign exchange earners (Vijayagopalan, 1993). As a socio-economic group, artisans are amongst the poorest. Creation of employment through indigenous crafts tradition is believed to be a productive source of income (Harper, 2000). The number of new jobs created by craft industries was almost as large as the number created by the private and public sectors combined (Pye, 1988). The current state of India's artisans is a matter of serious concern. Those producing the craft reap the fewest benefits from the lucrative market and even the most talented often live in object poverty. All though most producers in India are highly skilled and many are true artisans, the vast majorities are poorly educated and have low social status. Moreover this sector in India firstly is lagging in efficient appropriation of its potentiality and is struggling to reach the production and export possibility frontier. Secondly there is a dearth of information flow among the participants in the market of handicraft products. The state of Assam is traditionally known for its rich handloom and handicraft product, which has own reputation in the world market. People are now showing interest in taking various agro-based agro-unit, handloom and handicraft as an entrepreneurship which is proved to be lucrative for them in the rural

areas to uplift their socio-economic status. In such a research ambience, the present paper had envisaged to analyze the socio-economic attributes for characterizing the risk orientation of the cane and bamboo handicraft entrepreneurs in Assam.

The present study was conducted at Pub Nalbari Block of Nalbari District and Balipara Block of Sonitpur District under the state Assam. Multi stage random sampling procedure was adopted. The District and Blocks were purposively selected for the study. The District Nalbari and Sonitpur and the blocks Pub Nalbari and Balipara were considered. Under Pub Nalbari block out of ten *gaon panchayats* two *gaon panchayats* and in case of Balipara block out of eighteen *gaon panchayats* two *gaon panchayats* were randomly selected for the study. An exhaustive list of respondents was prepared with the help of block and panchayat officials from the selected four *gaon panchayats*. From the prepared list 100 respondents were selected randomly for the purpose of final data collection. A pilot study was conducted in the selected *gaon panchayats* before constructing the data collecting schedule. In course of this survey discussions were carried out with some rural entrepreneurs and extension agents of the localities. For the present study the variables, viz., age ( $X_1$ ), education( $X_2$ ), organizational pattern( $X_3$ ), annual income( $X_4$ ), family type( $X_5$ ), experience( $X_6$ ), source of finance( $X_7$ ), source of labour( $X_8$ ), training exposure( $X_9$ ) were considered as predictor variables and benefit-cost ratio( $Y_1$ ), management orientation( $Y_2$ ), risk orientation ( $Y_3$ ) and performance of the enterprise( $Y_4$ ) were considered as predicted variables. The data were collected with the help of structured schedule prepared for the study after the pilot survey through the process of interview. The selected data were subjected to the statistical tools like coefficients of correlation and multiple regressions for drawing conclusion.

The table-1 presents the coefficient of correlation of risk orientation with the nine causal variables. The table reveals that variables annual income ( $x_4$ ), source of labour ( $x_8$ ) are positively and significantly associated with the risk orientation towards the enterprise. The variables organizational pattern( $x_3$ ), family type( $x_5$ ), and source of finance( $x_7$ )

are negatively and significantly associated with the risk orientation towards the enterprise. The variable annual income ( $x_4$ ) is the income getting from the particular enterprise annually which is found significant to the risk orientation. Analysis reveals that higher is the income higher is the risk bearing capacity. Higher income helps an entrepreneur in using skill labour and efficient utilization and management of resources of the enterprise. That is why annual income is positively and significantly associated with the risk orientation towards the enterprise. In case of variable source of labour it has been found that involvement of hired labour minimize the risk. For smooth and better running of an enterprise efficient management is pre-requisite and one can minimize the risk of his enterprise by hiring skill labour from outside because they are experienced and have good knowledge about the particular activity which is not abundant in family labour. That is why source of labour is positively and significantly associated with the risk orientation.

**Table 1: Correlation coefficient of risk orientation (Y) of the cane and bamboo handicraft entrepreneurs along with nine causal variables**

Variables	Correlation coefficient (r)
Age ( $x_2$ )	-0.1034
Education ( $x_2$ )	0.1529
Organization pattern ( $x_3$ )	-0.2062 *
Annual income ( $x_4$ )	0.6095 **
Family type ( $x_5$ )	-0.3443 **
Experience ( $x_6$ )	0.0974
Source of finance ( $x_7$ )	-0.2327 **
Source of labour ( $x_8$ )	0.6117 **
Training exposure ( $x_9$ )	0.1220

\*, \*\* Significant at 5% and 1% level of significance, respectively

The variable organizational pattern is mainly concentrated to proprietorship and partnership. It has been found that in partnership organizational pattern

sharing of experience, involvement of capital helps in better management of enterprise. Apart from this decision making capacity is much higher when several partners involved in an enterprise which leads to better management orientation of the enterprise. In case of individual organizational pattern capital and resources are limited and sharing of decision is not possible. That is why organizational pattern is negatively and significantly associated with the risk orientation towards the enterprise.

In the study two types of family has been considered i.e. nuclear and joint family. It has been found that in case of the joint family conflict for different issues is more than the nuclear family which affects in decision making process of an individual and proper management of an enterprise. So the variable family type is negatively and significantly associated with the risk orientation towards the enterprise. Own source of finance decreases the risk taking ability of the respondent in an enterprise due to less capital involvement for hiring labour, external inputs and technological back stopping. But in case of bank loan or any other credit as a means of loan is much more effective in taking risk to manage an enterprise. That is why source of finance is negatively and significantly associated with the risk orientation.

Table-2 presents the multiple regression analysis of risk orientation of the enterprise with the nine causal variables and the result reveals that annual incomes of the entrepreneurs have recorded a significant regression effect on risk orientation in presence of other causal variables. The annual income has contributed the highest direct effect in delineating the risk orientation of the enterprise. The annual income of the entrepreneur indicates the involvement of more skilled labour, more capital investment, more technological intervention which ultimately leads to minimize the risk and higher the risk taking ability. That is why this variable has been found wielding substantive effect in the risk orientation.

**Table 2: Multiple regression analysis of risk orientation (Y) of the cane and bamboo handicraft entrepreneurs along with nine predictor variables**

Variables	Standardized regression coefficient ( $\beta$ )	$\beta \times R$	Regression coefficient (b)	Standard error of 'b'	't' value
Age ( $x_1$ )	-0.204	-0.135	-0.0587	0.036	-1.643*
Education ( $x_2$ )	0.102	0.665	0.3290	0.396	0.831
Organization pattern ( $x_3$ )	-0.023	-0.015	-0.1780	0.702	-0.254
Annual income ( $x_4$ )	0.628	0.417	0.0001	0.000	5.592**
Family type ( $x_5$ )	-0.131	-0.087	-0.7350	0.505	-1.455
Experience ( $x_6$ )	0.020	0.013	0.0111	0.074	0.150
Source of finance ( $x_7$ )	-0.001	-0.001	-0.0034	0.355	-0.010
Source of labour ( $x_8$ )	-0.067	-0.044	-0.3930	0.663	-0.593
Training exposure ( $x_9$ )	-0.067	-0.044	-0.0413	0.058	-0.718

Note:  $R^2 = 0.442$ , Adjusted  $R^2 = 0.386$ ; \*, \*\* Significant at 5% and 1% level of significance, respectively

Age is significantly but negatively correlated and contributing in characterizing the predicted variable risk orientation towards the enterprise. This may be due to the fact that the younger generation are enjoying the cosmopolitaness within our society. Due to the cosmopolitaness of the youth they are much more venturesome and latest knowledge oriented rather than the age old people. As a result the young people can take more risk to maximize the profit in an enterprise. The  $R^2$  value being 0.442 means the predictor variable put together 44.2% of the variations embedded in the predicted variable risk orientation has been explained and the 55.8% of variation in predicted variable still has been left unexplained. On the basis of that this should further suggest inclusion of more relevant and contextual variables can explain more variation in the predicted variables.

The entrepreneurship development and management is a nascent concept and emphasises the need of the risk taking venturesomeness of the entrepreneurs for profit maximisation. In the present study the majority of the cane and bamboo handicraft entrepreneurs are getting good return from this enterprise by maximising the profit through enriching their risk orientation. In highlighting the risk orientation of the entrepreneurs some of the variables like annual income and source of labour found significant association with the risk orientation of the entrepreneurs. Increase of annual income increases the level of profit from the enterprise by increasing the risk taking behaviour of the entrepreneurs. The increased level of hired labour shows the increased ability of the entrepreneur to take risk. From this study it is clear that for any short of entrepreneurship the variables like annual income and source of labour

can play a pivotal role to sustain and manage the enterprise by increasing the risk orientation in a better way.

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