

## **Empowering the rural people through entrepreneurship development and management**

**K. PRADHAN AND P. TALUKDAR**

*Dept. of Agricultural Extension  
Uttar Banga Krishi Viswavidyalaya  
Pundibari-736165, Coochbehar, West Bengal*

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### **ABSTRACT**

*In the realm of appropriate entrepreneurship development and management, the present study has undertaken to analyse the Entrepreneurship Development and Management Index (EDMI) and the relation of the same with the socio-psychological, socio-personal and communication related determinants associated with the enterprise. The present study was conducted in three villages under Cooch Behar-II block in Cooch Behar district of West Bengal. Purposive as well as multistage sampling and random sampling procedures were followed for the selection of the respondents. The Entrepreneurship Development and Management Index (EDMI) is considered as the consequent variable for the study and the sixteen other variables were considered as antecedent variables for the study. The data were collected with the help of structured interview schedule through personal interview method. The collected data were processed into statistical analyses like coefficient of correlation, multiple regression and factor analysis. The variables annual income, land holding, material possession, house type, adoption leadership, management orientation, risk orientation, social participation, cosmopolitanism and mass media exposure are positively and significantly associated with the Entrepreneurship Development and Management Index of the entrepreneurs. The variables annual income, management orientation and risk orientation are contributing positively and significantly in case of characterising the Entrepreneurship Development and Management Index (EDMI) of the entrepreneurs. The  $R^2$  value being 0.554, it is to infer that the sixteen predictor variables put together have explained 55.40% variation embedded with the predicted variable EDMI. The five factors namely economic and social competency, family and farm interaction, educational exposure, capacity orientation and personal trait are identified which reflect the conglomeration of predictor variables in explaining the variations embedded with the Entrepreneurship Development and Management Index (EDMI).*

**Keywords:** Attitude, entrepreneurship development and management, innovativeness, profit maximisation

The changed global scenario arouses the ultimate requirement for fulfilling the need of grown up global market demand. 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 (Adhikary *et al*, 2010). The rural entrepreneurship development and management implies the development and management of small scale enterprises which can play a pivotal role towards value added market led economy, augmentation of rural earning and generation of rural employment.

Rural development is more than ever before linked to entrepreneurship. Institutions and individuals promoting rural development now see entrepreneurship as a strategic development intervention that could accelerate the rural development process. Further, more institutions and individuals seem to agree on the urgent need to promote rural enterprises; development agencies see

rural entrepreneurship as an enormous employment potential; politicians see it as the key strategy to prevent rural unrest; farmers see it as an instrument for improving farm earnings; and women see it as an employment possibility near their homes which provides autonomy, independence and a reduced need for social support. To all these groups, however, entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment (Petrin, 1994).

As an aftermath of globalization and free trade liberalization the entrepreneurial activity is playing a swashbuckling role in socio-economic development of the nation. In the ever developing countries like India, for uplifting the standard of living of the populace in the backward region, the policy making, planning and implementation of entrepreneurial development programmes are very much in need because of their over dependence of agriculture for employment and business. Consequently the entrepreneurship development in the rural areas

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*Emali: kausikextnubkv@gmail.com*

emerges to be the best possible alternative to find employment opportunities and income augmentation for the rural population. Although the fast growing economies generated new private non-farm wage jobs at high rates, household enterprises generated most new jobs outside agriculture. Household enterprises should be seen as part of an integrated job and development strategy (Fox and Sohnesen, 2012). Not only that but also the development of entrepreneurship depends on state aid and the entrepreneurs themselves. (Markevicius and Griskeviciute, 2007). The successful innovation for entrepreneurship development demands both strong personal characteristics such as will and determination, good cooperation with others, both within and outside the business, and an emphasis on an environment that promotes knowledge development and the establishment of a variety of networks and support from many other parties (Gotvassli, 2008). The market opportunities and uncertainties facing by farmers; the link between rural entrepreneurship and sustainable land use; farmer empowerment; and the facilitation of rural entrepreneurship are the primary concern for rural entrepreneurship development (Maatman and Schrader, 2009).

To improve and promote issues of rural entrepreneurship development and management the need of the hour is to rethink the activities and determinants associated with the concepts and operationalisation of rural entrepreneurship development and management. The entrepreneurship development process is scientific and judicious blend of innovativeness of the entrepreneur, profit maximisation of the enterprise and risk bearing capacity of the entrepreneur. In such a research niche the present study has undertaken to analyse the Entrepreneurship Development and Management Index (EDMI) and the relation of the same with the socio- psychological, socio-personal and communication related determinants associated with the enterprise.

## MATERIALS AND METHODS

The present study was conducted in three villages namely Kalarayer kuthi, Basdaha Natibari and Sajherpar Ghoramara under Cooch Behar-II block of Cooch Behar district of West Bengal. Purposive as well as multistage sampling and random sampling procedures were followed for the selection of the respondents. The Entrepreneurship Development and Management Index (EDMI) is considered as the consequent variable for the study and the sixteen other variables were considered as antecedent variables for the study. The EDM I is conceptualised and operationalised as the judicious blend of innovativeness of the entrepreneur, profit maximisation of the enterprise, attitude towards enterprise development and risk bearing capacity of the entrepreneur and it is measured as the composite score of net profit from the enterprise, innovativeness, attitude towards enterprise development and risk taking ability of the entrepreneurs. The data were collected with the help of structured interview schedule through personal interview method. The collected data were processed into statistical analyses like coefficient of correlation, multiple regression and factor analysis.

## RESULTS AND DISCUSSION

Table- 1 presents the distribution of the entrepreneurs in Terai region of West Bengal according to their Entrepreneurship Development and Management Index (EDMI). The result shows that majority of the respondents are under the medium level of enterprise development and management skill with an EDM I score 19.18-21.85 (52%) followed by low level of enterprise development and management skill with an EDM I score 16.50-19.17 (36%) and high level of enterprise development and management skill with an EDM I score 21.86-24.53 (12%) respectively. The mean score of total distribution is 19.87 and standard deviation of the distribution is 1.73. The coefficient of variation value within the distribution 8.71% signifies the very high consistency level of the distribution for the variable 'EDMI'.

**Table 1: Distribution of the respondents according to their entrepreneurship development and management index**

Category	Score	Frequency	Percentage	Statistics
Low	16.50-19.17	36	36	Mean = 19.87, SD= 1.73, Range= 16.50-24.50, C.V= 8.71%
Medium	19.18-21.85	52	52	
High	21.86-24.53	12	12	

Table- 2 reflects the Pearson's coefficient of correlation among the dependent variable *i.e.* Entrepreneurship Development and management Index (EDMI) of the respondents and sixteen causal variables. The result shows that the variable annual income, land holding, material possession, house type, adoption leadership, management orientation, risk orientation, social participation, cosmopolitaness and mass media exposure are positively and significantly associated with the EDMI.

***Annual income, land holding, material possession, house type and entrepreneurship development and management index (EDMI)***

All these four variables reflect the resource endowment of an entrepreneur in the rural social

system. The resource rich entrepreneurs always invest more in case of averting the risk of the enterprise. The uncertainties within an enterprise can be overcome with the help of investment through contingency planning. The investment pattern of an entrepreneur can be determined through their resource belongingness. The high level investment of resource rich entrepreneur can create an environment for maximize profit contributes to the development and management of enterprise. That is why the variables annual income, land holding, material possession, house type are positively and significantly associated with the Entrepreneurship Development and management Index (EDMI) of the entrepreneurs.

**Table 2: Correlation co-efficient of entrepreneurship development and management index of the respondents with sixteen causal variables**

Variables (X)	Coefficient of correlation (r)
Age (X <sub>1</sub> )	-0.041
Education (X <sub>2</sub> )	0.178
Family size (X <sub>3</sub> )	0.033
Family education status (X <sub>4</sub> )	0.130
Primary occupation (X <sub>5</sub> )	0.184
Annual income (X <sub>6</sub> )	0.491**
Land holding (X <sub>7</sub> )	0.337**
Material possession (X <sub>8</sub> )	0.295**
House type (X <sub>9</sub> )	0.326**
Adoption leadership (X <sub>10</sub> )	0.315**
Management orientation (X <sub>11</sub> )	0.570**
Risk orientation (X <sub>12</sub> )	0.559**
Social participation (X <sub>13</sub> )	0.316**
Cosmopolitaness (X <sub>14</sub> )	0.307**
Training exposure (X <sub>15</sub> )	0.095
Mass media exposure (X <sub>16</sub> )	0.415**

Note: \*\* Significant at 5% and 1% level, respectively

**Adoption leadership, management orientation, risk orientation and Entrepreneurship Development and Management Index (EDMI) of the entrepreneurs:**

Adoption leadership, management orientation and risk orientation are the three psychological attributes of an individual. The persons having good adoption leadership quality for an innovation can manage and develop their enterprise in efficient manner. For an entrepreneur risk taking ability plays the pivotal role in proper development and management of enterprise for

its sustainability. These three factors are the backbone of the entrepreneurship development and management which directs the enterprise to reach to the highest peak of profit.

***Social participation, cosmopolitaness, mass media exposure and entrepreneurship development and management index (EDMI)***

These are the indicators of exposure towards communication sources. All these variables also build the capacity which deals with the complex occurrence in the enterprise. The information gathering,

information sharing as well as capacity building develops a positive attitude towards entrepreneurship development and management in an efficient manner. That may be the possible reason behind the significant and positive association between the social participation, cosmopolitaness, mass media exposure and Entrepreneurship Development and management Index (EDMI) of the entrepreneurs.

Table- 3 reflects the multiple regression analysis of the predicted variable *i.e.* Entrepreneurship Development and Management Index (EDMI) of the entrepreneurs with sixteen predictor variables. From the table it is observable that the variables annual income, management orientation and risk orientation are positively and significantly contributing towards characterizing the EDM I.

**Annual income and entrepreneurship development and management index (EDMI)**

Annual income reflects the resource endowment of an entrepreneur in the rural social system. The capital

is the financial power of an entrepreneur to manage the enterprise in an efficient manner. The investment pattern of an entrepreneur can be determined through their resource belongingness. The high level investment of resource rich entrepreneur can create an environment for maximization of profit which contributes to the development and management of enterprise. That is why the variable annual income is significantly and positively contributing in case of characterizing the Entrepreneurship Development and Management Index (EDMI) of the entrepreneur in presence of other fifteen predictor variables.

The variable annual income is directly contributing 50.00% in case of characterizing Entrepreneurship Development and Management Index (EDMI) of an entrepreneur. One unit change of the variable annual income is delineating the 0.069 unit change in the predicted variable, Entrepreneurship Development and Management Index (EDMI).

**Table 3: Multiple regression analysis of entrepreneurship development and management index of the entrepreneurs with sixteen predictor variables**

Variables	(β)	B	S.E of ‘B’	t-value
Age (X <sub>1</sub> )	0.042	0.006	0.013	0.497
Education (X <sub>2</sub> )	-0.024	-0.038	0.159	-0.241
Family size (X <sub>3</sub> )	0.000	-0.001	0.311	-0.002
Family education status (X <sub>4</sub> )	0.068	0.134	0.187	0.717
Primary occupation (X <sub>5</sub> )	-0.046	-0.077	0.155	-0.496
Annual income (X <sub>6</sub> )	0.500	0.069	0.025	2.730**
Land holding (X <sub>7</sub> )	-0.219	-0.051	0.042	-1.214
Material possession (X <sub>8</sub> )	-0.029	-0.013	0.043	-0.298
House type (X <sub>9</sub> )	0.082	0.181	0.216	0.838
Adoption leadership (X <sub>10</sub> )	0.099	0.066	0.060	1.109
Management orientation (X <sub>11</sub> )	0.338	0.150	0.046	3.271**
Risk orientation (X <sub>12</sub> )	0.211	0.085	0.043	1.960*
Social participation (X <sub>13</sub> )	0.092	0.169	0.172	0.983
Cosmopliteness (X <sub>14</sub> )	-0.150	-0.080	0.067	-1.209
Training exposure (X <sub>15</sub> )	-0.030	-0.016	0.043	-0.373
Mass media exposure (X <sub>16</sub> )	0.115	0.056	0.059	0.948

Note: R<sup>2</sup> = 0.554, \*\* Significant at 5% and 1% level, respectively

**Management orientation and Entrepreneurship Development and Management Index (EDMI)**

Management orientation is the psychological pursuit of individual to become conversant for managing his enterprise in effective manner by taking proper decision in proper time. Management orientation is a goal directed psychological trait of an

individual. The goal of the enterprise is to maximize the profit for its future sustainability. With the help of management inclination an entrepreneur develops his decision making ability through skill, knowledge and reasoning ability. That is why the variable management orientation is significantly and positively contributing incase of characterizing the EDM I of the

entrepreneur in presence of other fifteen predictor variables.

So, the management orientation is positively and significantly contributing in case of characterizing the EDM I of the entrepreneur. The variable management orientation is directly contributing 33.80% in case of characterizing EDM I of an enterprise. One unit change of the variable management orientation is delineating the 0.150 unit change in the predicted variable, Entrepreneurship Development and Management Index (EDMI).

#### **Risk orientation and entrepreneurship development and management index (EDMI)**

Risk orientation is the psychological attribute of an individual to take risk and bear the risk for development of any new enterprise. For an entrepreneur risk taking ability plays the pivotal role in proper development and management of enterprise for its sustainability. This is the backbone of the entrepreneurship development and management which directs the enterprise to reach to the highest peak of profit. That is why the variable risk orientation is positively and significantly contributing in case of characterizing the Entrepreneurship Development and Management Index.

The variable risk orientation is directly contributing 21.10% in case of characterizing EDM I of an enterprise. One unit change of the variable risk orientation is delineating the 0.085 unit change in the predicted variable, EDM I.

The  $R^2$  value being 0.554, it is to infer that the sixteen predictor variables put together have explained 55.40% variation embedded with the predicted variable EDM I. Still 44.60% variable embedded with predicted one are unexplained. Thus it would be suggested that inclusion of some more contextual variables possessing direct bearing on the EDM I of the entrepreneurs could have increased the level of explicability.

The factor analysis was carried out to predict the intrinsic conglomeration of different predictor variables for constructing a homophiles group of predictor variables or factors. The minimum level of factor loadings ( $> 0.550$ ) is considered to have conglomeration. It is found that the association of variables of factor I has been comprised of annual income ( $X_6$ ), material possession ( $X_8$ ), house type ( $X_9$ ), management orientation ( $X_{11}$ ), risk orientation ( $X_{12}$ ), cosmopolitaness ( $X_{14}$ ), mass media exposure ( $X_{16}$ ) and the factor can be renamed as “economic and social competency”. The percent of variance explained by this factor has been 25.606 and the eigen value is found 4.097 (Table 4).

The factor II has encompassed two factors viz. family size ( $X_3$ ) and land holding ( $X_7$ ) and can be renamed as “family and farm interaction”. This has explained 15.825 percent of variance with eigen value 2.532 (Table 4).

**Table 4: Factor analysis of the predictor variables through principal component analysis**

Factor	Variables	Factor loadings	Eigen values	% of variance	Cumulative % of variables	Rename
I.	Annual income ( $X_6$ )	0.68	4.097	25.606	25.606	Economic and social competency
I.	Material possession ( $X_8$ )	0.65				
I.	House type ( $X_9$ )	0.55				
I.	Management orientation ( $X_{11}$ )	0.63				
I.	Risk orientation ( $X_{12}$ )	0.68				
I.	Cosmopolitaness ( $X_{14}$ )	0.64				
I.	Mass media exposure ( $X_{16}$ )	0.66				
II.	Family size ( $X_3$ )	0.56	2.532	15.825	41.431	Family and farm interaction
I.	Land holding ( $X_7$ )	0.65				Educational exposure
III.	Education ( $X_2$ )	0.79	1.652	10.323	51.754	
I.	Family education status ( $X_4$ )	0.74				
IV.	Training exposure ( $X_{15}$ )	0.76	1.174	7.337	59.091	Capacity orientation
V.	Age ( $X_1$ )	0.60	1.023	6.394	65.485	Personal trait

Note: Factor loadings  $> 0.550$

The factor III has reticulated with two variables viz. education ( $X_2$ ), family educational status ( $X_4$ ) and can be renamed as “educational exposure”. It has explained 10.323 percent variance with eigen value 1.652 (Table 4). The factor IV has preferred to go solitary with single variable training exposure ( $X_{15}$ ) which may be renamed as “capacity orientation”. It has explained 7.337 per cent variance with an eigen value 1.174. The last factor has gone solitary with single variable age ( $X_1$ ) and it may be renamed as “personal trait”. This factor has explained 6.394 percentage of variance with eigen value 1.023 (Table 4).

To conclude, the rural Indian economy now a day is suffering from the bottle neck like the unreasonable price of agricultural commodities and lack of developed supply chain of market channels. The only way to promote and strengthen the rural economy is through establishing and managing the rural agro-enterprises in an effective manner. The extension paradigm should be shifted from production-led venture into market-led venture in agriculture. The small scale agro based enterprises are day by day losing its importance due to the negligence from the part of the rural entrepreneur and lack of market intelligence. But in the era of trade liberalization, there is an ample opportunity to go along with the global market through appropriate management and development of rural enterprises for uplifting the livelihood status of the rural entrepreneurs.

So, the present study was designed to explore the determinants of entrepreneurship development and management, wherein the net profit, innovativeness, decision making ability and attitude of the entrepreneur towards entrepreneurship development

and management have been operationalized and identified as well as the interaction between the performance of the enterprise with the socio-personal, socio-economic, socio-psychological and communication factors of the entrepreneurs has been delineated to justify the importance of these components in entrepreneurship development and management.

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