

Rural development through entrepreneurship: Negotiating the opportunities, obstacles and unfulfilled promises

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Abstract

Among many ambiguous terms, one of the famous ambiguous terms is “Entrepreneurship”. Explaining “who is really an entrepreneur” is one of the most difficult jobs. Some say that entrepreneurship is primarily related to “innovation”. But, for the majority group, it means “risk-taking”. For a layman it means “a newbie in the market” or “starting, owning and managing a new business”. If things are so complicated, then why should anyone be a rural entrepreneur? But it has emerged as a major opportunity for the people who are forced to either migrate from rural to urban areas or from the semi-urban areas to major industrial centers and cities. The rural entrepreneur should be capable of exploiting the government policies and schemes so that he/she can rise on the ladder of success in the cut-throat competition of the market. This kind of efforts needs appreciation and support from the kin group, social networks of the entrepreneur, government official (which is very difficult to even imagine?) and the public at large. This process will help in changing Indian rurality/rural world into a real place of opportunities. It is a well-known fact that rural entrepreneurs are facing major challenges due to non-availability of basic facilities and environment for doing business/ease of doing business in the rural areas. Besides this, rural entrepreneurs face tough competition from giant urban businesses and established urban entrepreneurs. They incur the high cost of production due to high input cost. Because of these kinds of enormous problems present in rural business space the “middlemen” often, exploit rural entrepreneurs. Generally, the rural entrepreneurs have been seen to depend on the middlemen for marketing of their products who frankly speaking pickpocket their hard earned profit. Storage facilities and poor means of communication, as well as marketing problems, create hurdles in the path of success in “rural entrepreneurs”. The environment in the family, society and the support system (the family, friends, relatives, government and fellow businessmen/businesswomen) is not generally conducive to inspire rural youth or any other aspiring person to take up entrepreneurship as a vocation. The absence of financial support and access to cheap capital to rural businesses is one of the most heartbreaking reasons for a young person to go for start-ups and pursue any kind of new business in the rural areas. This paper makes an effort to understand these problems, hurdles when any entrepreneurship takes some kind of shape, and other covert and overt challenges faced by these rural folks every day while pursuing their passion.

Keywords: rural development, the idea of entrepreneurship, rural entrepreneurship, and live livelihood issues, quality of life, the culture of development

Introduction

Why entrepreneurship and who is an entrepreneur

Any academic paper always starts with an elaborate literature review. While doing the literature review for this project, the work which I liked the most I thought of engaging our readers with the work of Workman. Workman opines rural entrepreneurship is, “the creation of a new organization or entirely a new system, that introduces new products, provides services to the people or creates a new product, or utilizes a new technology in a rural environment” (Sharma, Chaudhary, Bala, & Chauhan, 2013) [27]. Explaining the entrepreneurship, Kuratka and Richard have stated that entrepreneurship is a dynamic process of creating continuous and incremental wealth (Bruisch, Gestwa, & Templer, 2016) [5]. The wealth created by this system or the new organization by the risky adventurous endeavor of an entrepreneur in terms of equity, his commitment and invested time yields into valuable products or services. This may or may not be a new product or service. But, it creates security for the entrepreneurs and increases their skill and resources (Bruisch *et al.* 2016) [5]. It is the state of feeling of self-empowered to take control of one’s own destiny. It includes both controls over resources

(Physical, Human, Intellectual, and Financial) and over ideology (Belief, values, and attitudes) (Batiwala & Reddy, 2003) [3].

Information regarding rural entrepreneurship and its conceptual frameworks are very vague and confusing. Defining rural entrepreneurship is in fact, more difficult. As per the Salleh and Salleh’s explanation, “who they are, what type of businesses are they doing and what kind of problems they are facing is not so clear (Salleh & Sidek, 2011) [25]. But, scholars have tried to explain the process of rural entrepreneurship. Meir and Baldwin have tried to explain the process of advancement in the society. According to them advancement does not happen suddenly as an inevitable product of improvement in financial conditions or going towards good condition (Meier & Baldwin, 1957) [21]. Theoreticians have mainly focused on economic aspect while explaining entrepreneurship and rural entrepreneurship. According to Audretsch and Thurik, there is a strong relationship between entrepreneurship and economic development (Audretsch & Thurik, 2004) [2]. Doing business or going for some kind of innovative approach for livelihood and economic empowerment could be one of the sustainable

ways towards the transformation of rurality/rural life. Businesses in rural areas can obviously improve the financial condition of the owner of the business but at the same time, it will generate many jobs which are going to at least partially eradicate “plague of unemployment” attached with the rural life. For rural development, many government programs are being planned just for developing entrepreneurship so that jobs can be created and economic development can take place simultaneously (Bergmann, 2002) ^[4]. But, there is a general agreement amongst the scholars from the different school of thoughts that for the purpose of rural economic development, “Rural Entrepreneurship” is a good strategy. The entrepreneur and the State (in the case of India) are working together to improve the economic conditions and develop a sustainable development for the citizens. The support of the State is a must in a country like India for the development of entrepreneurial spirit and success of a business. “Rural Entrepreneurship” needs both social support and financial investment. Entrepreneurship is an umbrella term which involves different startups, the growth of companies, small business, and self-employment through many small, medium enterprises. Alder and Waldinger opined that Entrepreneurship involves combining resources in a smart and intelligent way in order to create something of value (Aldrich & Waldinger, 1990) ^[1].

Well, after all the mind wandering, a question still stays in the mind. And that is, “Who really is an entrepreneur?” Henderson has tried to explain it by saying that entrepreneurs create new local jobs and they also generate new wealth and new growth (Low, Henderson, & Weiler, 2005) ^[19]. They (entrepreneurs) are the innovative users of different regional assets and resources (Low *et al.* 2005) ^[19]. According to another scholar Dabson, those individuals who blend innovation with business practices to commercialize new products and services which finally result into high-end businesses (Dabson, 2001) ^[6].

Finally, we may say that any individual who can sense the feasibility to start a business, can be innovative, have the strength to handle the challenges and uncertainties, and is wise enough to use the resources plus human resources and also the technology available in a profit making way, is a real entrepreneur. This applies to large scale urban business as well as to the rural entrepreneurs.

The dynamics of the rural entrepreneurship

An entrepreneur must be wise enough to judge the right kind of business for his she place of business/entrepreneurial activities, whether it is an urban entrepreneurial adventure or a modest rural entrepreneurial activity. Location of the business/entrepreneurial activities is one of the most challenging parts for any new start up. Being placed in a far flung area, somewhere with poor means of communication, the small market for the business, poor accessibility for the customers, suppliers or even governmental institutions/financial institution doing business is extremely difficult (Stathopoulou & Psaltopoulos, 2004) ^[28]. Availability of natural resources (essential for the business) is an additional area of immense importance which helps businesses and even to the new startups in the rural areas. The social network or the social capital available for an entrepreneur in the rural settings is a boon for them. It helps them in getting cooperation from their kith and kin as well as society at large. The political

environment in the surrounding of the business plays another crucial role for the development of any new start-up. The close ties of an entrepreneur in the rural area because of social, cultural, political linkages help them to smoothly run their business, which is a must in the initial days of any startups.

The problems linked with the remoteness of rural businesses have a list both covert and overt difficulties. Getting finances becomes difficult. Maintaining a good rapport with the financiers, government officers, suppliers, and the clientele is difficult and brings-in adverse results for their business because of the location of the business. Business networks are always the most crucial aspect of the growth and development of any business. Maintaining a healthy business network, in fact, developing a strong business network becomes extremely difficult for a rural entrepreneur. The problem of infrastructure is additionally inflating their problem.

The social capital of a rural entrepreneur is a great blessing for them. Rural business is always embedded in their social capital. Embeddedness of the rural businesses is an important feature of the entrepreneurship in rural areas (Fuller-Love, Midmore, & Thomas, 2006) ^[8]. Embeddedness is a web trust network between the entrepreneur and his kith and kin (Fuller-Love *et al.* 2006) ^[8]. Additionally, they have local and regional network also for growing their business (Fuller-Love *et al.* 2006) ^[8].

Most of the rural businesses are small firms in by nature. They start their business with few employees and small capital. Either the owner is the only worker in these enterprises or they take help from family members and some kith and kin. Sometimes they also employ very few staffs on their payroll. These businesses can be small even a momo selling stall, a food joint, some tea and snacks selling hotels, a good restaurant, a home stay in the beautiful tourist spot, some business with local minerals related work like coal mining or timber work or can even be selling fruits and vegetables. Starting a food processing unit, agriculture of organic farming, collective farming, poultry industry all are going to be profitable if rural entrepreneurial are done in a productive, innovative and scientific way.

Networking of the rural business with some local business some national level businesses is a must. They have to stay regularly in communication with their financiers, banking institutions, and the market bodies. It’s a tough job. This distance and as a result the communication problems generally harm small rural businesses.

They can have the blessing of getting cheap and dependable labor, but, the competition from the sharks of business (big business houses of urban centers) always plays a major role in the performance of these small businesses of rural settings. These businesses have the additional limitation of not growing rapidly either due to logistic problems or due to the shortage of the capital. All major surveys show that most of the rural businesses are of small in size and operations. Their growth is impossible without the effective support of government and the financial institutions. The training and up gradation of employee skills is another problem for the rural businesses.

A framework for the development of indian rurality through rural entrepreneurship

Indian rural business space is a complex business system. Multiple forces act there. The social forces can either be supportive or even antagonistic to any new start up. Caste and

the Jajmani system present in the majority of Indian rurality helped traditional Baniyas and small traders to make money, but, it hardly helped the major section of India's downtrodden sections. Tribal areas had a different situation. The majority of tribal social systems were equalitarian in nature and, they were either got exploited by the colonial white businessmen or by the small time Baniyas and traders. After the emergence of the consciousness among Dalits and Tribals of India, they are also trying to make a difference in their life and society at large by taking the risk of jumping into the uncertainties of business space.

They need support from the government in terms of infrastructure like transport facilities, electricity, sometimes even land and finance. Subsidies are being hated like the plague in the neoliberal era. But, small rural businesses and first generation entrepreneurs need government subsidies so that they can compete with the existing market forces and competitors. They will also need training in managerial and financial skills. Making networks and rapport in the business is very crucial. They need to learn the nuances of marketing in a sophisticated but cut-throat competitive way. For research and development, they cannot be expected have an in-house facility. They will have to depend either on government subsidized technologies or they will have to get it from the open market. Government and the government agencies will have to help them for branding their products and services. The food processing industry is a major sector of rural entrepreneurial activities. They require warehousing facilities, marketing facilities, assured markets and stable financial conditions. Cooperative societies did a marvelous job in Gujarat and Maharashtra and also in South Indian states. This kind of models needs to be replicated in other parts of the country.

India's rural market space is facing difficulty in entrepreneurial growth because of some economic reasons and sometimes, due to some sort of financial reasons. Small and medium enterprises are going to give a major push to the Indian economy. For bringing-in such a change, the rural entrepreneurial growth is a must. At the time of green revolution and through the development of cooperatives in the western India a major change came in the shape and size of rural industries and businesses in general. Khadi and Village Industry Board, many other Self Help Groups and through the individual efforts like that of the Ila Ben of Ahmedabad has helped in the developing the entrepreneurial spirit in the country. The new generation efforts like that of FabIndia also need appreciation. India has moved towards becoming an entrepreneurial success story to some extent. The government has played a major but, the self-employed persons, who took the risk and started their own business in rural and semi-urban areas, have additionally made a huge difference in the life of rural India.

Conclusion

The rural social system of the planet historically has been a place for commoners, the downtrodden, weak and the left outs. This condition was present even in Europe and North America before the renaissance, scientific and industrial revolution and March of the modernity. The social gap between the urban elite and rural subaltern groups decreased to some extent in the European and North American sub

continents due to the societal change of the 18th and 19th century. Indian subcontinent did not have such a stark difference between the rural and urban. With the coming of British and the so called modernization of the Indian nation, urban centers grew in both number and also in size in India. The metropolis and the countryside divide became extremely painful. The distress of the Indian rurality developed as a blot on the face of mother India. The "Shining India" slogan turns upside down when we see the reality Indian Rural life. The government had initiated certain rural development programs in the past which yielded the negligible change in the condition of the village and the villagers. Many rural development programs are still going on and are being implemented with maximum seriousness (as per government's version). Some individuals in the past like Ila Ben from Ahmedabad and some groups like cooperatives of western India had successfully taken the responsibility and challenge of changing the lives of themselves and the others in the past. They are still continuing their work successfully and getting praise and applause from the people of all walks of life. In the post liberalized era, the idea of the entrepreneurship has taken a concrete shape in both large technology driven corporate world and also to some extent few rural men and women took the risk to start a new business. Women are also taking the risk, breaking all bondages of social norms and traditions and have either started their own business or took the charge of their family run business. Youth from different socio economic strata are putting their wholehearted effort in starting a new venture. But, infrastructural problems, corruption and governmental machinery, lack of capital and fear failure are holding them back. They need support encouragement and consistent training and support to grow their business. This will develop a culture of entrepreneurial spirit amongst the youth and help India in becoming a developed nation.

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