



Socio-Economic Determinants of Rural Entrepreneurship Development : A Study of Chandauli District of Uttar Pradesh

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ABSTRACT : Currently, rural entrepreneurship stands out as a focal point due to its significance. Addressing the challenges within a rapidly emerging economy where rural areas constitute 68.8% of the population requires the establishment of novel rural enterprises. Thus, rural entrepreneurship is characterized by its ability to generate fresh job prospects and initiate innovative ventures. The progress of rural entrepreneurship hinges on environmental elements including social, economic, legal, political, and technological aspects, all of which shape their endeavors and contribute to achieving prosperous entrepreneurship. Among these factors, socio-economic conditions play a pivotal role in influencing entrepreneurial actions and business operations, underscoring the significance of studying their effects. This study examines how socio-economic factors impact the advancement of rural entrepreneurship in the study area. The results of this study show that the age of respondent, marital status social category land holding and live stock are significantly influence the entrepreneurship development.

Keywords: Rural Entrepreneurship, Socio-Economic, Determinants.

Introduction:- Different schools of thought hold varying perspectives on the concept of 'entrepreneurship'. As per Schumpeter's viewpoint in 1934, an entrepreneur is an individual engaged in pioneering and inventive concepts, thereby becoming a dynamic catalyst for economic transformation (Cunningham, 1991). Drawing from this interpretation, Gartner in 1990 sought to delineate the key attributes that define entrepreneurship. He used the Delphi method to discern various attributes. The results revealed that entrepreneurship encompasses individuals possessing distinctive personality traits and capabilities, along with incorporating elements such as innovation, originality, expansion, value generation, establishment of entities, and whether they are profit-oriented or non-profit-driven. The profit/non-profit aspect pertains to whether entrepreneurship solely involves profit-generating enterprises.

Rural Entrepreneurship:- A type of entrepreneurial activity that develops in rural areas is referred to as rural entrepreneurship. The development and marketing of enterprises in rural areas, particularly those connected to small-scale and artisanal industries, is the primary emphasis of rural entrepreneurship. The majority of people in rural areas depend on the agricultural industry for their livelihood, making it the main source of

income for those living there. A new employment opportunity is thus created in order to lessen the reliance of rural inhabitants on agriculture. A fresh type of employment potential is the development of villages and small industries in rural areas. Rural entrepreneurship can be defined as business ventures that start in villages and span a variety of industries, including commerce, industry, and agriculture. It acts as an essential catalyst for promoting economic growth. According to the United Nations Census, the term "rural" primarily refers to people who live on agricultural land and describes those who live outside of metropolitan areas.

According to the Khadi and Village Industries Commission (KVIC), "Village industry or rural industry means any industry located in a rural area, whose population does not exceed 10000 or such other figure as produces any goods or renders any services with or without the use of power, and in which the fixed capital investment per head of an artisan or a worker does not exceed a thousand rupees."

Objective: To study the socio-economic determinants of rural entrepreneurship

Review of Literature:

S. Saxena (2012) in his study author found that the rural entrepreneur plays a crucial role in driving economic advancement in India. Rural entrepreneurship plays a crucial role in the transformation of underdeveloped countries into developed ones. Rural entrepreneurship has been identified as a potential solution for alleviating rural poverty in India. Hence, it is imperative to place greater emphasis on integrated rural development initiatives. The issue at hand pertains to the lack of consideration among a significant portion of rural youngsters regarding entrepreneurship as a viable career choice. Hence, it is imperative to instill motivation among rural youth to pursue entrepreneurship as a viable career option, accompanied by comprehensive training programs and sustainable support networks that offer the required help. The establishment of an effective regulated market is imperative, and it is equally important for the government to actively support and facilitate this process. The promotion of grading and standardization should be advocated, while efforts to strengthen promotional activities should be intensified. The government should extend comprehensive support to non-governmental organizations (NGOs).

S. Muhammad Amjad (2012) the author discovered a lack of advising services where businessmen may improve their business skills. Businessmen conducted their operations based on their prior experiences with those business profiles (types of commodities) that either had higher sales volume or higher profit margins per unit or conformed to the prevailing cultural norms. Businessmen lacked the initiative to embrace promotional strategies that effectively increased sales or to properly motivate customers in order to change the culture. Additionally, businessmen struggled with SWOT analysis, making it difficult for them to operate their companies as they ought to. Businessmen with higher general education could grasp the business world, but without a background in business, they were unable to understand it technically. However, when taken as a whole, all explanatory variables had a significant impact on profit, yielded results that rejected the null hypothesis, and supported the notion that all explanatory variables were crucial for the success of a business. The government should give businessmen opportunity to develop the skills necessary to market their companies; it is stated at the conclusion.

Methodology:

This study is based on primary data. 100 rural entrepreneurs were selected in the Chandauli district of eastern Uttar Pradesh purposively for study.

Model:

One of the most popular analytical methods in the social sciences is the ordinary least square method, which is frequently used to estimate the general linear model (Cleary & Angel, 1984). Linear models are the foundation for the majority of the statistics utilized in social sciences. A function that connects the dependent variable (Y) to one or more independent variables (x1, x2, and x3...xn) is predicted using the ordinary least squares method. It employs a linear function that is expressed as follows:

$$Y_i = \alpha + \beta_i X_i + \epsilon_i$$

Where:

Y_i: Dependent variable

α: Constant

β_i: Slope

X_i: Independent variable

ε_i: Error term

In this regard, we regress entrepreneurship (monthly average profit of entrepreneur) on the social and economic characteristics of respondent. Determinants of entrepreneurship development examined by using OLS the technique.

Denoting the entrepreneurship by ENT, the socio-economic determinants of rural entrepreneurship can be modeled using following regression equations:

$$ENT = \beta_0 + \beta_1 (\text{Age}) + \beta_2 (\text{Gender}) + \beta_3 (\text{Marital Status}) + \beta_4 (\text{Social Category}) + \beta_5 (\text{Religion}) + \beta_6 (\text{Family Size}) + \beta_7 (\text{Family Income}) + \beta_8 (\text{Land Holding}) + \beta_9 (\text{Live Stock}) + \beta_{10} (\text{Education}) + \epsilon$$

Data Analysis and Result:

Table-1. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.976 ^a	.953	.948	386.838

The multiple coefficients of determination define the strength of the relationship between the dependent and independent variables. In this model, R² is high, which shows the model is fit. (See Table-1). The table shows that that model is fit.

Table-2

ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	269372443.926	11	24488403.993	163.645	.000 ^b
	Residual	13168656.074	88	149643.819		
	Total	282541100.000	99			

Table-3 Determinants of Rural Entrepreneurship

Coefficients					
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3485.097	529.331		6.584	.000
Age	58.787	8.951	.461	6.568	.000*
Gender (Female is base)	78.482	92.528	.023	.848	.399
Marital status (Unmarried is base)	1060.779	151.243	.283	7.014	.000*
Social category (OBC) (General is base)	-1226.172	169.713	-.337	-7.225	.000*
Social category (SC) (General is base)	-1692.111	276.644	-.501	-6.117	.000*
Religion (Muslim is base)	64.901	186.010	.015	.349	.728
Family size	-7.296	26.365	-.007	-.277	.783
Family income	.002	.047	.002	.051	.959
Land holding	-3.562	1.988	-.048	-1.792	.077***
Live stock	.005	.002	.062	2.340	.022**
Education	.087	10.712	.000	.008	.994

*Significant at 1percent **, *Significant at 5percent ***, *Significant at 10 percent ****

Findings: We used the Ordinary Least Squares (OLS) regression to determine the determinants of rural entrepreneurship development in the study area. The Ordinary Least Squares (OLS) regression results show that the coefficients of age, marital status, social category, land holding, and live stock are statistically significant at 1%, 5%, and 10% levels of significance.

Conclusion: The results of this study reveal that the age of entrepreneurs, marital status, and money value of live stock are positively related to entrepreneurship/profit. In the case of social categories (OBC, SC), land holding are negatively related to entrepreneurship.

Suggestion:

- It is often believed that women are not able to run a business properly as compared to men. But there is no effect of gender on the development of entrepreneurship in this study. Therefore, along with men, women should also be motivated to become entrepreneurs.
- It is found that entrepreneurship has a positive relationship with age. Therefore, older people should be encouraged to become entrepreneurs as compared to working-age people.

- The study found that social class has a negative relationship with entrepreneurship. Therefore, on the basis of this study other backward classes and scheduled caste people living in rural areas should be made entrepreneurs to get them out of poverty.
- It is found that livestock has a significant impact on the development of entrepreneurship in the study area. Therefore, entrepreneurship development scheme should be expanded from non-farm to farm as well.

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