

## RESEARCH ARTICLE

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# Impact of Rural Entrepreneurship on Poverty Alleviation-study of Rural India

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## Abstract

The main purpose of this study to analyse relationship between rural entrepreneurship, development, and poverty alleviation. In rural areas, despite trending policies and law many people continue to live below the poverty line. A key solution to this situation is establishment of entrepreneurship in rural areas. These entrepreneurial programs provide income opportunities to the people in rural area, giving them a chance to prove their talent, indigenous activities as well prevent rural to urban migration in search of better chances of livelihood. Increase in rural entrepreneurship goes hand in hand with depreciation in poverty.

According to researchers point of view increased awareness in developing and encouraging rural entrepreneurship may reduce poverty from rural India as well as bolster the growth of rural areas, increase their standard of living as well implement more creative and innovative thinking thus laying the frontiers of education in the minds of rural people. In the present study, it has been indicated negative relationship between rural entrepreneurship development and poverty alleviation.

**Keywords:** entrepreneurship, poverty alleviation, rural India.

## 1. Introduction

Rural entrepreneurship can basically define as setting up business in the rural areas. Rural development is more than connected to entrepreneurship. Entrepreneurs encourage rural development. Nowadays to understand entrepreneurship as a strategic development intermediation that could enhance the rural development. In recent periods entrepreneurs have been stated to as essential precondition to organize capital, exploit natural resources and generate markets to transfer on trade [8]. Besides nowadays peoples are more tend to agree on the vital necessity to encourage rural businesses. Development interventions understand rural entrepreneurship have immense job creation possibilities, as per political point of view entrepreneurship is key strategy to promote rural potential. This study evaluates the correlation between poverty and entrepreneurship. Former research demonstrates that only development concerned entrepreneurs have a tangible outcome on collective economic activity.

Poverty has been a long progressive challenge for developing countries like India. Subsequently, over current decades, diverse approaches and

programs have been employed to reduce poverty and enhance standard of living of rural peoples. Almost 70% of Indians living in the rural areas deriving their livelihoods mainly from agriculture and agriculture based activities. Though, in recent years the existence of agriculture sector continually suffering from declining productivity. The consequences of this decreasing have been lost profits, shortage of food and extensive poverty. It is very much important to overcome this issue that the rural peoples should ponder about establishing new small medium size business ventures for new job creation, poverty alleviation and economic as well as overall growth of rural area. According to [3] entrepreneurship is the capability some persons have to accept risks and combine factors of production with the purpose of production of goods and services. [12] as state that poverty can be considered into three i.e.: absolute poverty, relative poverty and subjective poverty. Considerably, entrepreneurship has been anticipated by substitute way to rural poverty alleviation. The study emphasizes to analyse vitally the extent to which societies in rural India can develop entrepreneurial as a root for enabling poverty diminution in the regions. However, it emphasis light

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on the business 'environment' of rural India and the business potential of rural societies in the provinces.

The above research is important because study focuses on the inadequacies of the present poverty alleviation policy of developing countries like India, as well as this study delivers a new dimension in the research world that brings entrepreneurship development into view in the fight against poverty.

The main objective of this research is to study the relationship between the rural entrepreneurship Development and economic growth by analysing the need for rural entrepreneurship. Apart from that study also focus on promotion of entrepreneurship activities for alleviation of poverty and increasing job opportunities in rural India.

### ***Concept of entrepreneurship and rural entrepreneurship***

Entrepreneurship is a procedure which may grow a single entrepreneur or enterprise with the key objective is to generation of revenue by utilization of available resources. Moreover, entrepreneurship is concerned with generation of enduring value and makes consistent money making on a person or the group of peoples for the procedure of imagination, creativity and revolution for the persistence of increasing incomes and diminishing risk with future development.

The word originated from the French verb 'entrepreneur', it means 'to undertake' [10]. Joseph Schumpeter underwritten the theory of entrepreneurship by his seminal book 'The Theory of Economic Development' (published originally in 1934), there entrepreneurship is observed as the principal engine of economic development with innovation as a central element [11]. As per Schumpeter [17] describes, an entrepreneur is a person who originates and forms new combinations, as result develop a dynamic representative of transform for the economy. Such combinations shows various forms, like [5] [6] emerging innovative products; emerging new technique of production; recognizing new-fangled markets; emerging innovative sources of stream; as well as applying some innovative organizational procedures of the business, in the other situation entrepreneurship is a complex phenomenon through various meanings and sense. Nearly 80 years meanwhile the journal of Schumpeter's pioneering work [15], whereas slight contract between researchers concerning the idea. Indeed rural areas, it include areas with precise

physical, social and economic features [17], Entrepreneurs play a vital function in the rural development. [16] He suggested that the rural development is connected to entrepreneurship much forever and beforehand. Rural development sponsors see entrepreneurship as a development strategy. As per to [13] entrepreneurship is explained as the procedures of development, conduct and presentation of entrepreneurs. Researcher notify, that an emphasis on entrepreneurship is an attention on the procedure tangled in the beginning of an innovative venture, the conduct of such organization and its presentation for profit making. To understand the role played by entrepreneurs in emerging an economy it is primary significant to recognize the idea of entrepreneurship. [14] Though selecting a meaning for entrepreneurship furthest suitable to the rural area background, it is significant to remember the skills which will be desired to recover the excellence of lifespan for peoples, as well as to endure a strong economy and atmosphere.

### ***Concept of Poverty***

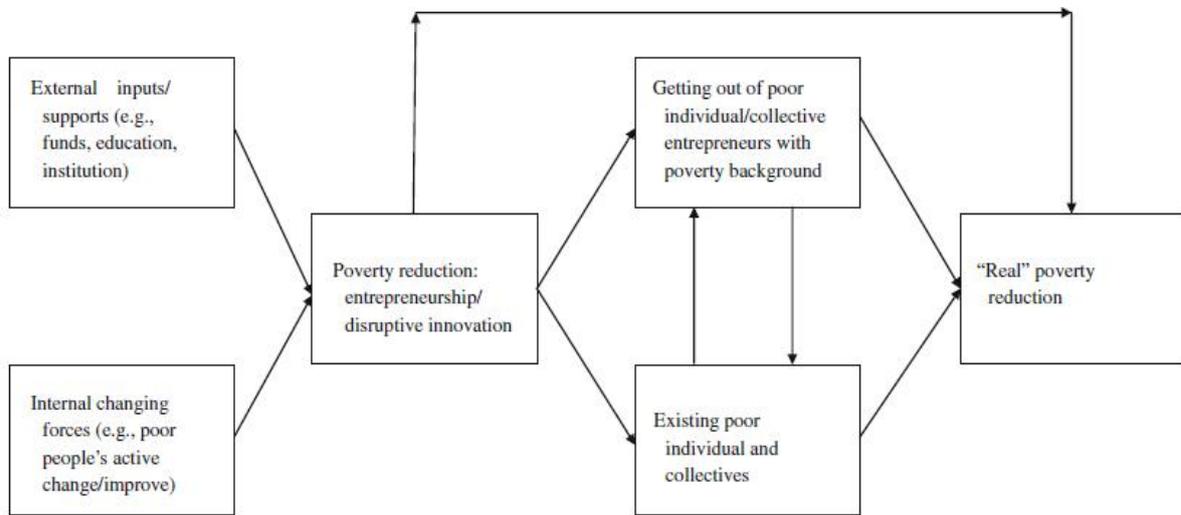
Poverty is a multidimensional phenomenon and therefore it should be undertaken by offering opportunities, generating powers and encourage competences [18]. Certainly, the procedure of economic development bolster for generating creative employment chances. Though, it is argued that the development procedure frequently circumvents various existing in rural India

The term "poverty" "poor" generated from the Latin word pauper, which menace poor, which has its origins in the words pau- and pario that is "giving birth to nothing"; denoting to ineffective livestock and countryside [18]. Historically, the conception that certain individuals are entombed in poverty though others have invocations in poverty was a vital component of furthest analysis ([9]. For example, officers and social reviewers in 18th century France differentiates between the poor and the needy.

For specifically, the situation in economies wherever competent work on period only initiated to appear in the late 1980s [7]. A contained supposition of much study was that the tenacity of poverty at the discrete and domestic level was extremely connected with the severity of poverty. Throughout the early 1990s this kind of effort started to multiply on offered board information sets, and in 2000 the first assembly of documents on this subject was published [4]. Around numerous meanings of poverty, according

how its expressed. Encyclopedia Encarta, describes poverty as the situation of inadequate resources or money. Such an exciting system, poverty is a deficiency of key human desires to endure as valuable

and occupied productivity like ample and healthy food, clothing, shelter, hygienic water and health facilities.



**Figure 1.** A conceptual model of the poverty reduction through entrepreneurship and disruptive innovation  
 Source: [15] Entrepreneurship and poverty reduction: A case study of Yiwu, China Asia Pac J Manag (2015) 32: 119–143

From prior literature, many scholars and many research identified certain key factors in poverty reduction. The figure 1 explore model of the poverty reduction through entrepreneurship and disruptive innovation for the results is summarized in above figure itself.

**2. Material and Methods**

This research employed entrepreneurship activities for alleviation of poverty and increasing job opportunities in rural India, the research design is about the prearrangement of variables, conditions and participants for the study. The researcher chooses vidarbha region from Maharashtra state as research area. Total population of Vidarbha is around 23

million. Sample for survey size was 115 participants of small and medium size enterprise. Researcher use questionnaire and personnel interview as data collection tool, the data of the study was collected by using a researcher designed questionnaire recorded on approach reaching from 1 = strongly disagree, 2 = disagree, 3 = Agree, and 4 = strongly agree.

This research conducted employed probability sampling methods special stratified sampling the population is divided in to sub populations so that variables within each sub-population are consistent. Research results are presented below.

**3. Results and Discussion**

*3.1 Demographic findings*

**Table 1.** Demographic variables

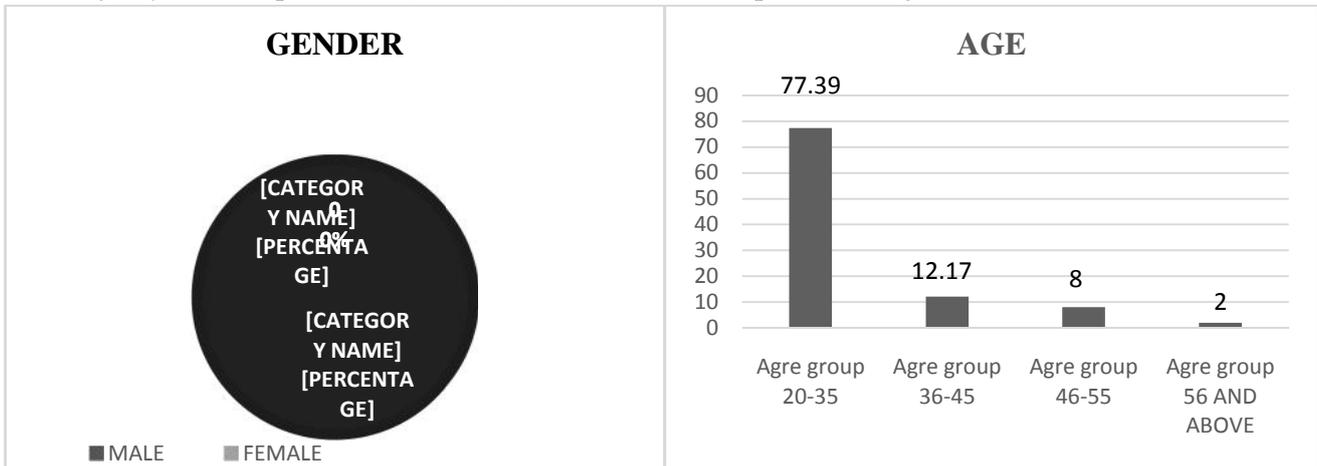
Sr no.	Characteristics	Frequency	Percentage
1	Gender		
	Male	103	90
	Female	12	10
2	Age		
	20-35	89	77.39
	36-45	14	12.17
	46-55	9	8
	56 and above	3	2
3	Highest level of education		
	Secondary	18	15.65
	Diploma	32	27.82

	Bachelor degree	53	46.08
	Master degree	12	10.43
4	Marital status		
	Single	42	36.52
	Married	73	63.47
5	Buisness industry		
	Agriculture/Agro industry	55	47.82
	Manufacturing	30	26.08
	Service	20	17.39
	Handcraft	10	8.69

Source: researcher’s calculations based field survey

From figure 2 shows below that majority of the respondents i.e. 103 (90%) are males while females constitute only 12 respondents (10%). The implication of this result is that majority of those who engaged in entrepreneurial activities are males it shows woman dominating Indian culture. Figure 3 shows the age of the majority 89 respondents (77.39%) of those

entrepreneurs range from 20 to below 35 years, followed by age range 36-45 that is 14 respondents (12.17%), age group ranging 46-55 years recorded 9 respondents (8%) and the least being age range 56 and above found only 3 respondents (2%). The result implies that most of the respondents are in their active and productive age.

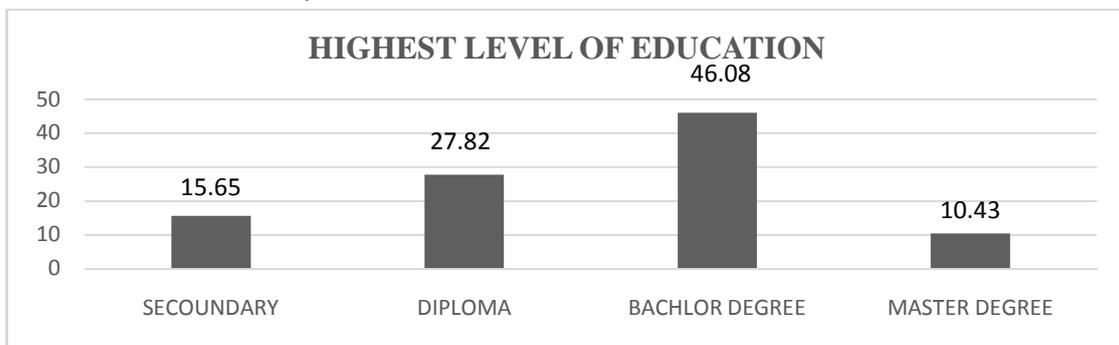


**Figure 2.** Gender as demographic variable  
Source: researcher’s calculations based field survey

**Figure 3.** Age as demographic variable  
Source: researcher’s calculations based field survey

According to figure 4 Majority i.e. 53 respondents (46.08%) of the entrepreneurs are bachelor holder, 32 respondents (27.82%) holds National Diploma while 18 respondents (15.65%) hold Secondary School Certificates

and only 12 respondents (10.43%) hold master degree. The implication is that majority of the entrepreneurs are graduate.



**Figure 4.** Highest education level as demographic variable;  
Source: researcher’s calculations based field survey

Further figure 5 shows that 42 respondents (36.52%) are single and 73 respondents (63.47%) are married. Figure 6 implies that majority of 55 respondents (47.82%) are from agriculture sector

while 30 respondents (26.08%) from manufacturing sector, 20 respondents (17.39%) from service sector and 10 respondents (8.69%) from handcraft sector.

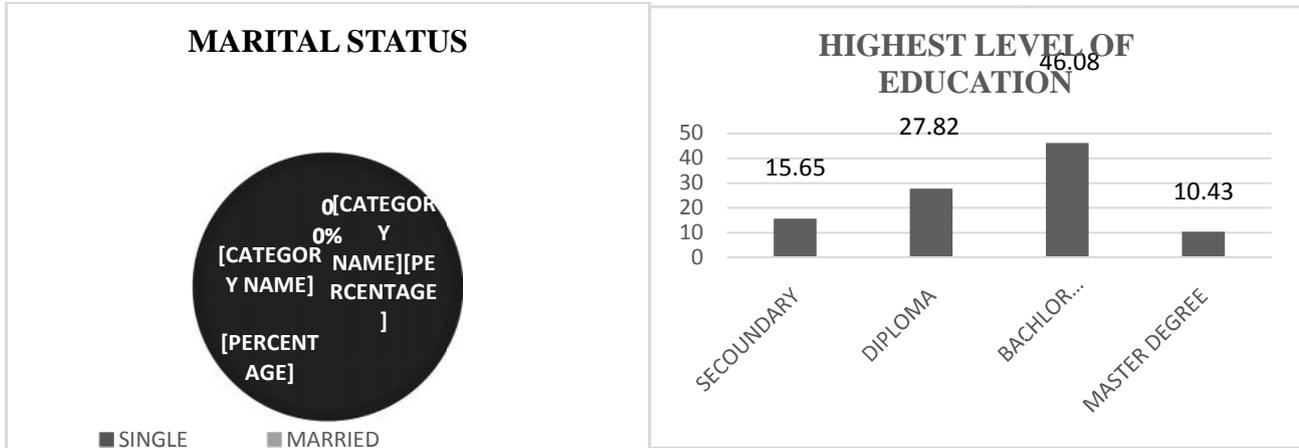


Figure 5. Marital status as demographic variable; Source: researcher’s calculations based field survey

Table 2. Mean and standard deviation results on indicators of entrepreneurship development (N =115)

Indicators of entrepreneurship development	Mean	Std. deviation
Reduce poverty	2.6	1.1
Appear social wealthy by creating new market	2.3	0.98
Create more employment opportunities	2.9	1.4
Skills development in small business Owned by individuals	2.1	1.36
Major contributor of economic development	2.9	1.24
There is relationship between entrepreneurship and poverty	2.8	0.948
Productive from social welfare perspective	2.3	0.988
Contributes to social wealth by greeting new market	2.4	1.23
<b>Mean index</b>	<b>2.54</b>	<b>1.15</b>

Source: researcher’s calculations based field survey

From the Table 1 describes indicators of entrepreneurship out of all first question describes a relationship between entrepreneurship and poverty reduction via small business, the overall response was a mean value of 2.6 and standard deviation 1.1. Second question emphasis weather entrepreneurship creates social wealth by starting new markets the answer positive with a mean of 2.3 and standard dev 0.98. Question three is to evaluate a relationship between an employment opportunities by an entrepreneurship response obtained was acceptable with mean of 2.9 and standard deviation 1.4. Question four focuses to check if there is dev of skills in individually owned small business we found a conclusive response of mean 2.1 and standard deviation 1.36. Question five focuses on weather

entrepreneurship is the major factor of economic development, we obtain acceptable and somehow satisfied result of mean 2.9 and standard deviation 1.24. According to question six this study finds out if there is direct relationship between entrepreneurship and poverty we obtained a good result with mean of 2.8 and standard deviation 0.94. Question seven confirms weather entrepreneurship is possibly effective from social wealth prospective and over whelming response of mean 2.3 and standard deviation 0.9888. Question eight to understand weather entrepreneurship supports social wealth by establishing new market and highly appreciable and optimistic result of mean 2.4 with standard deviation 1.23 was obtained.

**Table 3.** Mean and standard deviation results on the indicators of poverty reduction (N =115)

<b>Poverty indicators</b>	<b>Mean</b>	<b>Std. deviation</b>
The poverty reduction programmed covers many field of live	2.53	0.98
The only way it can reduce poverty in rural area is entrepreneurship	2.46	0.89
Poverty is powerlessness lack of representation and freedom	2.74	1.12
Poverty is dangerous circle of poor health reduced working capacity	2.48	1.2
Poverty can be; the physical pain that comes from shortage of food and long hours of work	2.75	0.85
Lack of employment or lack of productive land another income earning assets	2.84	1.14
Income poverty is due to people not having access to money or other assets	2.3	0.93
The best way to reduce income poverty is to encourage and support the development of effective businesses	2.96	1.07
Poverty are problem that effected the live of individual	2.61	0.927
Poverty is not only a lack of material resources but	2.45	1.182
<b>Mean index</b>	<b>2.61</b>	<b>1.03</b>

Source: researcher's calculations based field survey

In the second field of study from the table 2 describes indicators of poverty. Question no one evaluates was weather poverty reduction program cover all aspects of life or not for this a mean of 2.53 and standard deviation 0.98 was obtained. Second question is to understand if entrepreneurship is only one resort to reduce poverty a mean response of 2.46 and standard deviation 0.98 was obtained. Question three defined if poverty is powerless and lacks representation and freedom for this a mean of 2.74 and standard deviation 1.12 was derived. Fourth question studied as how poverty is dangerous circle of reduced and poor health working capacity we derived a mean of 2.48 and standard deviation 1.2 for the same question five defines poverty as physical pain due to conditions of food shortage and long working hours which result analysis of mean 2.75 and standard deviation 0.85 was concluded in question six parameter was weather lack of employment or lack of

productive land as an income asset a mean of 2.84 and standard deviation 1.14 was inferred. Question seven indicate that weather income poverty means people not having adequate availability to money or other resources we evaluated a response with a mean of 2.3 and standard deviation 0.93. Parameter of question eight is to understand if development and encouragement of small and medium size enterprises is sole way to alleviate poverty the parameter was supports by mean response of 2.96 and standard deviation 1.07. Question nine is to understand that if poverty is the problem effecting life of individual or not a response of mean 2.61 and standard deviation 0.927 was given. The last indicator focus to understand weather poverty is generated not only lack of material resources but also power and choice the parameter obtained a mean response of 2.45 and standard deviation 1.182.

**Table 4.** Correlation results between Autocratic style and Performance

<b>Indicators</b>	<b>Mean Score</b>	<b>Std. dev</b>	<b>R- Value</b>	<b>Sig</b>
Entrepreneurship	2.9	0.29963	-0.27	0.075
Poverty	2.75	0.31233		

Source: researcher's calculations based field survey

The main results of the research were showed that entrepreneurship directly reduced poverty in Vidarbha region. Also create social means by producing new markets by mean 2.9, as well as

entrepreneurship delegate important role for reducing poverty, by mean 2.75.

#### 4. Conclusions

This study evaluates the correlation between poverty and entrepreneurship. Former research demonstrates that only development concerned entrepreneurs have a tangible outcome on collective economic activity. The researchers confirmed the significant relationship between entrepreneurship development and poverty alleviation.

As per researcher point of view promoting awareness in developing and transforming rural entrepreneurship may eradicate poverty from rural India as well as boost up the growth of rural areas. Poverty has been a long progressive challenge for developing countries like India. From the result, it has found that there was negative correlation between entrepreneurship and poverty reduction. The sig. shown 0.077 that the calculated R-value was -0.27 not adequate, suggesting that the two variables/indicators (entrepreneurship development and poverty alleviation) was negatively related with each other. The main aim of this research was, to analyse the relationship between entrepreneurship development and poverty alleviation from rural India.

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