



DIFFICULTIES AND CHALLENGES FACED BY RURAL ENTREPRENEURS IN INDIA AND EUROPEAN COUNTRIES

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Annotation

The role of entrepreneurship in employment, economic growth and innovation have been mainly debated and consistently acknowledged, both in literature and in policy making. The current economic crisis has increased attention on entrepreneurship and its essential role in all economies. The aim of this study is to analyse the challenges and opportunities in rural India and Europe that entrepreneurs might face in the current situation. The economic growth of a country mainly depends on the progress of rural areas and the standard of people living in this area. A rural entrepreneur is one of the great vital contributors in the economic development of a country.

Within the situation of the current crisis, at a European level, entrepreneurship development is one of the key solutions for employment creation and sustainable economic growth. Therefore, there have been numerous actions and initiatives to make entrepreneurship as the growth engine of European economy and to put the principle of “think small first” at the core of national and European policies. Nearly 73 % of the total Indian population lives in rural areas where agriculture and agriculture associated activities are the main sources of their living on the contrary, many rural entrepreneurs are facing various problems and challenges due to non-availability of essential amenities in the rural part of developing country like India. The research methods are the analysis of different research articles, reports and policy papers and comparative analysis of statistical data from international databases also researchers implemented a descriptive research design using 130 randomly selected registered entrepreneurs from Maharashtra state, India.

The main findings of this research show the differences in entrepreneurial activity, level and nature of entrepreneurship existing at European level during the crisis, and also point out the strengths and weaknesses of European countries and Data collected from India were analysed using descriptive statistics the data analysis indicated that lack of finance, insufficient infrastructures, lack of managerial skills were major challenges for rural entrepreneurs.

KEY WORDS: rural; entrepreneurship; challenges; India; Europe.

Introduction

“Entrepreneurship is an activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets process and raw material through organizing efforts that previously had not existed” (Venkataraman 1997). “Entrepreneurship is an important process by which new knowledge is converted into products and services” (Shane and Venkataraman 2000). Entrepreneurship is the procedure where an entrepreneur’s forms a venture by considering the opportunity in the market, accept the risk by the support of effective innovative idea or procedure and gather revenue from the business. Several researchers in the field of entrepreneurship have not come up with single and unanimously acceptable definition for entrepreneurship (Gwija 2014). (Nafukho, Kobia et al. 2010) argue that the reason for not having a universal definition is because entrepreneurship has been studied in many disciplines, which has resulted in the rise of many opinions regarding its meaning.

Entrepreneurship has become a dynamic field of research in the last two decades. Entrepreneurs play an important role in the overall economic development of the country. The growth and development of entrepreneurship facilitate self-employment, result in broader distribution of economic and industrial activities and help in the maximum utilization of locally available

resources. It is fact that the majority of rural entrepreneurs are facing several problems due to lack of basic amenities in rural areas, like lack of education, financial problems, marketing hurdles, management and human resource problems, insufficient technical and conceptual ability etc.

India is a country of villages. About three-fourth of India's population are living in rural areas out of which 75% of the labour force is still earning its livelihood from agriculture and its allied activities. Land being limited is unable to absorb the labour force in agriculture. Therefore, there is a need to develop rural industries to solve rural unemployment and rural migration to cities.

Enterprise and entrepreneurship are the drivers of economic growth in Europe’s rural areas. With the ongoing challenges facing traditional rural sectors, the future success of the rural economy is inextricably linked to the capacity of rural entrepreneurs to innovate, and to identify new business opportunities that create job opportunities and income in rural areas. Considering the European Union (EU), rural regions cover 57% of the territory and 24% of the population (CE, 2012). The Rural Development Policy of the European Commission is one of the two pillars of the Common Agricultural Policy (CAP). This helps in finding answers to the challenges facing rural areas for sustainable development.

Research Objectives

The main objective of this study is to analyse the challenges and problems in rural India and Europe that entrepreneurs might face in the current situation as well as to identify the route of entrepreneurial development and their associated emerging opportunities from the analysis of trends and characteristics revealed on a small medium size enterprise, particularly in the rural area. The other objectives are the following:

1. To recognize the major problems faced by rural entrepreneurs in India and Europe also find the impact of these problems on the working efficiency of those entrepreneurs who are living in rural part.
2. To provide an overview on the dynamics of India and European entrepreneurship and highlight the challenges for its development.
3. To determine the rural entrepreneurship perspectives, from their occupational performance and the motivations behind entrepreneurial start-up.

Research Methodology

The research methods are the analysis of different research articles, reports and policy papers and comparative analysis of statistical data from international databases. This research employed small medium entrepreneurship activities for development of rural areas of India, the researchers chose Vidarbha region as an Indian research area. The study is empirical and explanatory, the exploratory quantitative research was completed by means of a questionnaire and personnel interviews which was circulated to a sample of probable rural entrepreneurs from Vidarbha region of Maharashtra state. The study was conducted by a random selection of 130 participants, aged between 18 and 60 from small and medium size enterprises registered with this District Industries Centre. For while in this research for European countries study researchers uses secondary data from international databases - Global Entrepreneurship Monitor – GEM and Doing Business and The Entrepreneurship Database – registered for 2008 – 2012, and Flash Eurobarometer 354 Entrepreneurship in the EU and beyond, 2012.

Data Analysis and Results

Challenges and Perspectives for Indian Entrepreneurship

A) Demographic findings

From Table 1 it has been demonstrated that majority of the respondents i.e. 94 (72%) are males while females

constitute only 36 respondents (28%) The implication of this result is that majority of those who engaged in entrepreneurial activities are males it shows woman dominating Indian culture. Received response implies that majority of 49 respondents (38%) are from agriculture sector while 40 respondents (31%) from manufacturing sector, 32 respondents (24%) from service sector and 9 respondents (7%) from handcraft sector. While looking towards age structure the age of the majority 50 respondents (39%) of those entrepreneurs range from 25 to 35 years, and minority respondents i.e. 17% belongs to up to 25 years, followed by age range 36-45 that is 38 respondents (29%), age group ranging more than 46 years recorded 9 respondents (8%) and the least being age range 56 and above found 20 respondents (15%). The result implies that most of the respondents are in their active and productive age.

Table 1. Demographic Variables
Source: Researcher's calculations based field survey

Sr. No	Particulars/ Variables	No of respondents	Percentage
1	AGE		
	Up to 25 years	22	17
	25-35 years	50	39
	36-45 years	38	29
	More than 45 years	20	15
2	GENDER		
	Male	94	72
	Female	36	28
3	EDUCATION		
	Secondary	46	35
	Diploma	28	22
	Bachelor degree	41	31
	Master degree	15	12
4	OCCUPATION		
	Agriculture/Agro industry	49	38
	Manufacturing	40	31
	Service	32	24
	Handcraft	9	7

B) Challenges of entrepreneurs

Entrepreneurs play a very important role in the economic development of a country. They face numerous problems and challenges in day to day activities. As the thorns are part of roses, similarly every flourishing business has its own kind of problems. Some of the major problems faced by Indian rural entrepreneurs are as under.

Table 2. Challenges of rural entrepreneurs Source: Researcher's calculations based field survey

Statements	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Mean*	SD*
Family members were not agreed with my decision to be an entrepreneur.	53	32	8	25	12	2.03	0.9
I could not manage start-up capital very easily to start the business.	32	41	7	50	0	2.24	1.1
Poor financing creates major issue while stating new business.	9	18	6	59	38	3.89	1.47
Required training/course facilities are not available	4	7	8	66	45	3.92	1.37
There are lacks different skills (management/ marketing etc.) to conduct the business	12	47	9	40	22	2.77	1.41
Political influences hamper my/our entrepreneurial activity	10	13	12	58	37	2.19	1.18
My suppliers are not very co-operative/supportive.	20	18	10	44	38	3.78	1.3
Infrastructural problems (water/electricity/gas/transportation etc.) are very hazarders to run the business	6	0	3	63	58	5	1.36
Inadequate technological knowledge creates obstacles in our way to do business	8	17	10	52	43	3.1	1.19

*Mean value greater than the midpoint of 5 or 2.50 indicates challenges. *Smaller SD (standard deviation) indicates lower dispersion among the responses in each statement.

Table 2 shows different problems that can hamper the way of rural entrepreneurs in their path to success. Handling enterprise can occasionally be hampering to comprehensive the social concern. That can increase scandalous language from family and this plays a role of negative to inspiration. The preliminary consensus and frequent assistant is very much critical to endure the business successfully. In response to the declaration "family members were not agreeing with my decision to be an entrepreneur" 53 respondents were strongly disagreeing with mean value (2.03) and the standard deviation (0.90) reveals, that rural peoples are not facing problems by their family. That means, the entrepreneurs in India were getting co-operation of their family members. The result shows 41 of the respondents disagreed and 50 respondents agreed with the statement - "I could not manage start-up finance very easily to start the business". The mean value (2.24) and standard deviation (1.10). Being an entrepreneur, it is very important to manage working capital to manage everyday expenses. At this point, 59 of the respondents were agreeing with the statement "Poor financing creates major issue while stating new business." mean value (3.89) and standard deviation (1.47). This result also reveals, that rural entrepreneurs are facing various problems to

manage working capital. Getting training is important to the progression in occupation. 66 of the respondents were supportive with the statement - "Required training/course facilities are not available. The survey outcome shows, that 40 of the respondents are supportive with the statement "There are lacks different skills (management, marketing etc.) to handle the business." Also, 47 of the respondents are disagreeing with this declaration with mean value (2.77) denote the deficiency of diverse skills as challenge of rural entrepreneurs. Here the standard deviation is 1.41. We should understand that absence of managerial effectiveness can form straggler performance. To achieve labour, production, finance, research and development the management skill is enormous.

In response to the report "Political influences hinder my/our entrepreneurial action." 58 of the respondents are agreed with this and 37 are strongly with this statement with mean value (2.19) also designate it as a problem concerning entrepreneurial growth along with Standard deviation is 1.18. Retorting the account - "My suppliers are not very co-operative/supportive," 18 of the respondents disagreed, and 20 strongly disagreed with this report. Suppliers' cooperation and support rarely necessity for the even movement of business process. Occasionally the incorrect choice of position, insufficient

water source, unequal supply of electricity and gas, transport can produce the random situation. “Infrastructural problems such as water, electricity, gas, transportation, etc.” - This account covers mean value (5) and standard deviation (1.36) revealed it as a challenge there 63 of the respondents agreed with the declaration and 58 strongly agreed. In response to the account “Inadequate technological knowledge creates difficulties in our way to do business.” 52 of the respondents agreed with this. The mean value (3.10) indicates a lack of technological know-how pose a challenge for rural entrepreneurs with the Standard deviation is 1.19 in this statement.

C) Entrepreneurial motivation behind entrepreneurship

In order to measure entrepreneurial motivation, as for the attitude towards the work they perform at the time of the research, the potential entrepreneurs consider that, although it is attractive and appreciated by the other citizens, it fails to secure them the long-expected income. The reasons which determine potential entrepreneurs to start a business are as diverse as the activities in which they choose to be involved. Figure 1 shows the main entrepreneurial motivations as resulted from the research we performed. The result shows that the most consistent group of 32 respondents has perception that

entrepreneurship as a source of higher income (25%) and 12 respondents were attracted by the idea of being independent (9%). 19 entrepreneurs have another type of motivation lies in the desire to provide security and a good future for the family (14% of the investigated subjects). Another category of entrepreneurs is constituted by what we may call “authentic entrepreneurs”, whose motivation lies in the desire to borrow and put into practice business models in the domains in which they have experience (8%), or the ones who are not content with their previous work. On the contrary 19 respondents (14%) forced to become entrepreneur because of family tradition they have to continue the family business. 7% of respondents majorly woman’s they want to utilize their free time and wish to support family by extra source of income. India is a country where everyone wants to work with government services for financial and job security but unfortunately looking towards Indian population government cannot provide jobs to everyone and private jobs that’s why nowadays individuals were entering into entrepreneurial activity from our study. 9% of respondents has opinion that there are not sufficient opportunities in government jobs. 8% of respondents being employer would like to provide job opportunities to other local peoples. This result of the study shows the various motivation factors being an entrepreneur in rural India.

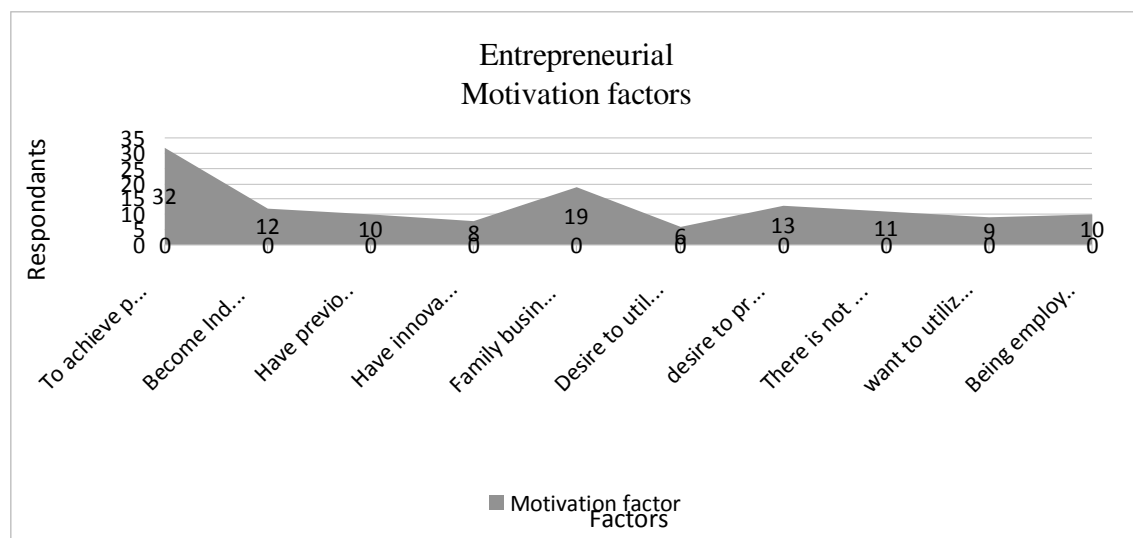


Fig. 1. Entrepreneurial motivation behind entrepreneurship
Source: Researcher’s own calculations based field survey

Challenges and Perspectives for European Entrepreneurship

In the current situation Europe is going through one of the most important transformation, which the European Union should take benefit, in order to recognize new responses to existing problems and to find new way to solve this issue. Europe must develop a new entrepreneurial culture, accustomed to society and built on knowledge, innovation and participation of a huge number of people in entrepreneurial activities. Therefore,

we must discuss about importance of education and training: since we have an idea about these prepare important factors of a sustainable society. European countries should concentrate on increasing the support provided to entrepreneurs, and ensure the dissemination of good ideas across the EU. This ensures increase in the percentage of population involved in entrepreneurial activities, improving and encouraging the reforms that generate growth and employment. The networks which support entrepreneurs, entrepreneurship improvement,

analysis and dissemination can ensure the dissemination of good ideas across the entire EU, and can contribute to the development of a new entrepreneurial spirit in the future. In view of the features show above, this research countries from the perception of the listed areas of intervention proposed by Entrepreneurship 2020 Action Plan: entrepreneurial education and training, creating a supportive business environment.

provides focus on the various aspects of European entrepreneurship throughout the crisis and at provides brief about the problems and challenges associated with entrepreneurship and its development in European

People living in EU acknowledge that entrepreneur plays very vital role in development of country by the menace of development of economy and society. With the help of data collected from the latest Eurobarometer on entrepreneurship in European Union, Figure 2 demonstrates about people's perception that entrepreneurship provide new job opportunities and entrepreneurs' role in generating products and services which provide benefit to the entire society. It shows that a huge number of European people has a positive perception on entrepreneurs and agree on the benefits of entrepreneurship.

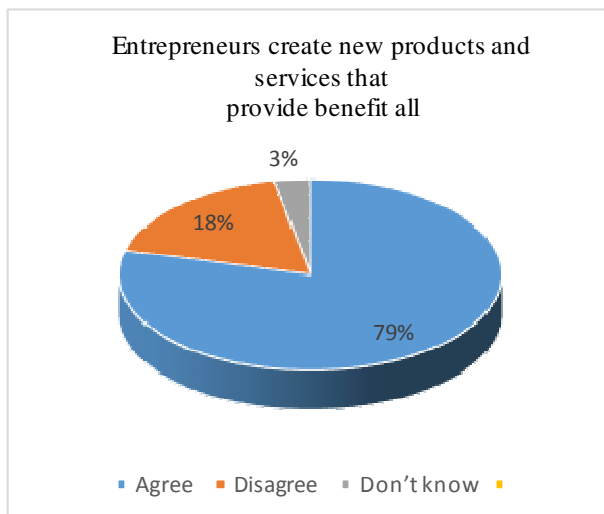
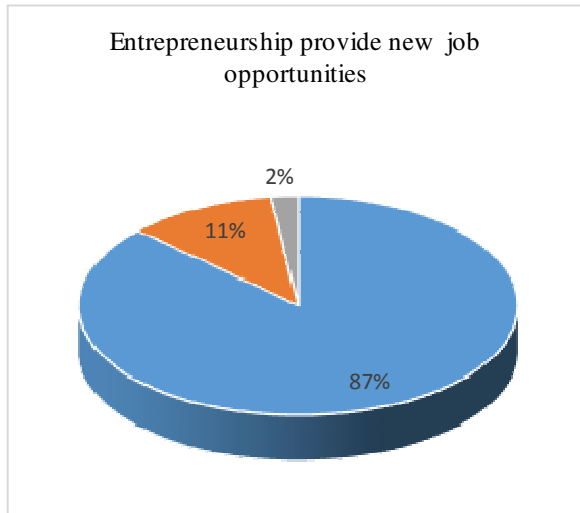


Fig. 2. Insights of the role of entrepreneurship, EU - 27, 2012

Source: Data presentation based on data from European Commission (2012)

A) Entrepreneurial education and training

In recent years researchers, academicians and policy makers put much emphasis on entrepreneurship education. In the face of crisis in the corporate world and heightened unemployment, many governments emphasize on entrepreneurship as an alternative way out. Moreover, unprecedented enthusiasm is also observed from the demand side as well. Educated youths as well as dropouts from high schools or colleges are found interested to equip themselves with entrepreneurship knowledge and skill, viewing it as a lucrative career alternative. As a result, intervention in the form of entrepreneurship education and training has become a common scenario in almost all countries, developed or developing (Azim 2013). It has long been the conventional wisdom that some people are born entrepreneurs and will succeed with or without education, while no amount of education can provide business success for those who lack the "entrepreneurial spirit". But, experience demonstrates that people are entering business schools to learn about entrepreneurship, and there is a growing acceptance that elements of entrepreneurship can be taught and learned (Gottlieb and Ross, 1997). Figure 3 shows the Europeans level of agreement in this matter. 50% of the respondents agreed that education provides them confidence to develop an entrepreneurial attitude. Only 47% agreed that education has help me to better understand the role of entrepreneurs in society while 41% of respondents considered that education teach them how to do the business.



Fig. 3. Perceived role of entrepreneurial education, EU-27, 2009 and 2012
Source: Data presentation based on European Commission (2012)

Figure 3 describes an insignificant rise in the level of agreement between 2009 and 2012. If we will compare current situation i.e. 2017 with compare to 2012 there is not much difference with numbers which express todays situation there is necessity to encourage and to support entrepreneurial education in all European countries.

B) Business environment

One of the most important Entrepreneurship 2020 Action Plan is to form a supportive business averment for overall development of country. The available data also sets six main areas to eradicate the current problems in start-ups and new business growth (European Commission, 2013, p. 8): “access to finance, support for entrepreneurs in the crucial phases of the business lifecycle and their growth, unleashing

new business opportunities in the digital age, transfer of business, bankruptcy procedures and second chance for honest entrepreneurs, and regulatory burden reduction.” Figure 4 shows that the alleged problems which might be come across when starting up a business. The assessment between data from 2009 and data from 2012 demonstrates difficulties with slight changes even current situation with compare to 2012 there is not much difference with numbers the situation is same as previous. The effect and availability to get second chance for starting new own business, generate finance /manage start-up capital while stating new business, time consuming and lengthy legal laws and formalities/procedures, Information gap/non-availability of required information, and risk taking and failure in entrepreneurship are considered as main difficulties in starting-up a business.

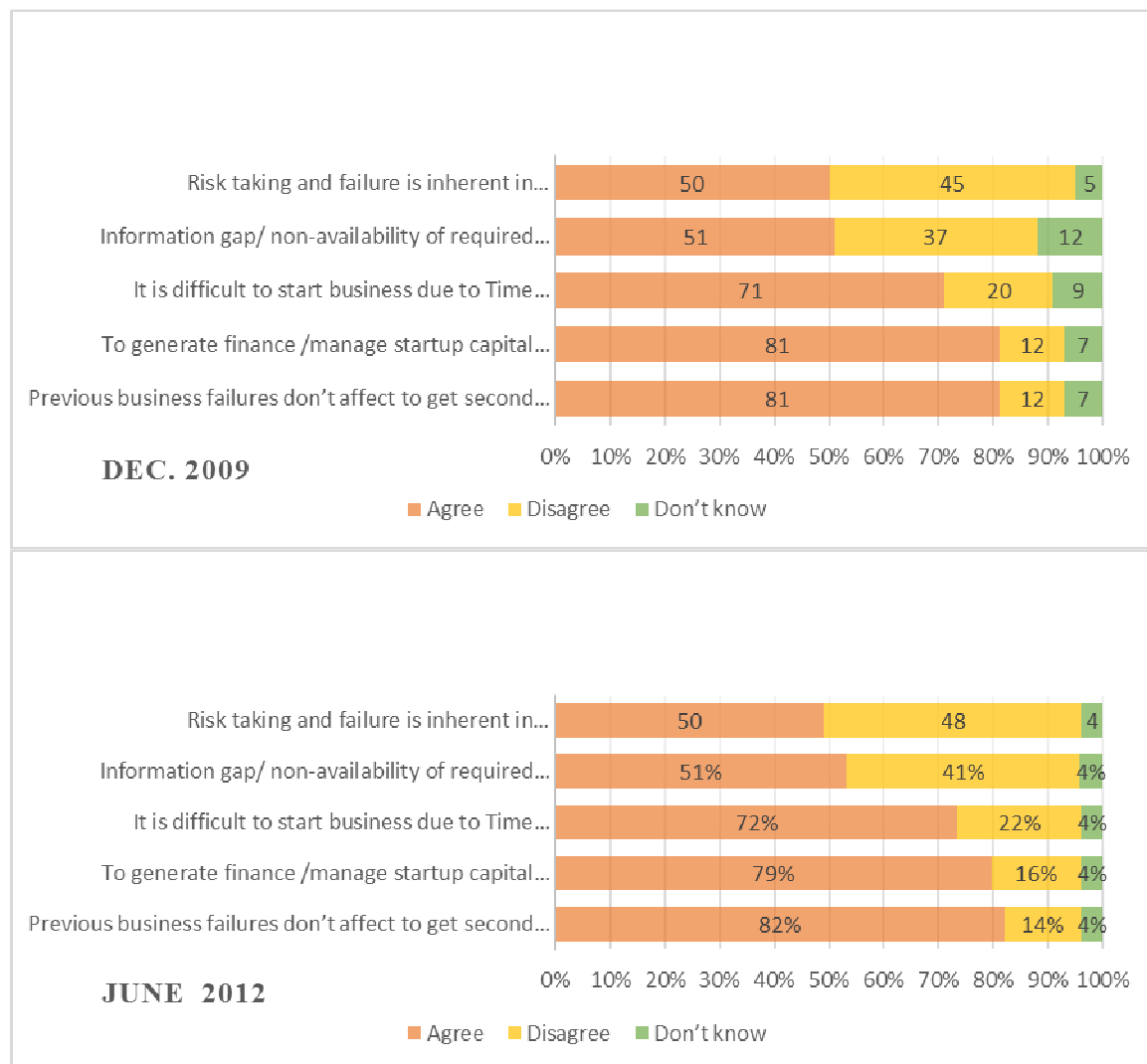


Fig. 4. Difficulties in starting up a business, EU-27, 2009 and 2012
Source: Data presentation based on European Commission (2012)

Conclusions

In the present research work, we demonstrated that on the basis of analysis of data and discussion of their results it is concluded that entrepreneurs in rural India and European countries face various problems such as entrepreneurial/business problems, social/personal problems and technical problems. This entrepreneur's due to the deteriorating conditions cross the boundary of conservativeness. From the current study research, it has directed to a sequence of results which highlighted, among other aspects, the motivational factors related to entrepreneurial innovation. Thus, the most important influences in favour of introducing new businesses are associated to providing a decent living standard. Concerning the increasing attraction of business environments for new business initiatives, the respondents indicated, in this order: agriculture, services, manufacturing, commerce and tourism.

In Indian business environment the essential ethics of the entrepreneurial type, such as acceptance and indecision control, risk taking or the acceptance of failure is rather guardedly shared by possible rural entrepreneurs. The comparative analysis of the growth of numerous indicators of the dynamics of European

entrepreneurship during the crisis points out on one side, relatively low levels of entrepreneurial activity in most of the analysed EU members and, on the other side, a positive situation. Though registering low values, the indicators mentioned above display ascending trends, after a significant decrease in the first year of the crisis. Besides, a growing number of Europeans are willing to become entrepreneurs.

The main challenge at an Indian and European level consists in increasing entrepreneurial activity and providing support for more and more people to become entrepreneurs. The measures undertaken up to the present are meant to overcome the challenges. They are aware and declare their recognition of entrepreneurship as a solution for providing job opportunities and growth. In most countries, progress has been made in creating a supportive business environment; with less time, consuming and lengthy legal procedures and easier access to finance; more people are aware of the importance of entrepreneurial education and the need to include specific groups in the training programs. The moment when almost unanimously maximum Indian and Europeans appreciate entrepreneurs as models and choose entrepreneurship as desirable career choice.

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