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## **PERCEPTION ABOUT RURAL ENTREPRENEURSHIP IN INDIA**

### **Abstract:**

The majority of the Indian population resides in rural areas and their main livelihood is through agriculture and agriculture-related activities. In light of this, rural entrepreneurship is one of the vital contributors to economic development in this country. In many instances, rural entrepreneurs are also considered to be necessity-driven as they face many barriers and obstacles restricting growth. The main aim of this study is to determine rural entrepreneurs' perception of their achievements and how they influence the performance and growth of their businesses. The sample comprised entrepreneurs operating small or medium businesses in rural India more specifically the Vidarbha region. The study is empirical and exploratory and made use of a quantitative research design using a self-administered questionnaire. The study was conducted using a simple random sampling technique resulting in a final sample of 292 participants. Data was analysed using descriptive statistics and Chi-Square tests. The findings from the study revealed that entrepreneurship development provides new job opportunities and was stated as the most significant factor while the least important factors indicated that participants have the opinion that doing business in a rural area is not a good career option. The study concluded that entrepreneurship development provides new job opportunities and that people are aware of this. Furthermore, there is a significant relationship between the negative perception of rural people regarding entrepreneurship and entrepreneurial development. Recommendations include that government should create more favorable policies for business development. Business support services must be accessible to rural entrepreneurs in an attempt to change their perception about the lack of growth potential in rural areas. This would strengthen the enthusiasm among entrepreneurs as well as aspiring entrepreneurs in rural areas.

### **Keywords:**

Entrepreneurship, rural, perception, opportunities, India

**JEL Classification:** L26

## 1. Introduction

Entrepreneurship has been highlighted as a key contributor to economic growth and development and can be defined as an activity or action entered into by an individual who seeks self-employment and manages a business that contributes to the economy in a judicious and positive manner, taking risks, creating new products and processes as well as having the ability to see opportunities and adjust to change (Gough, 1969; Meyer, 2018). A rural entrepreneur can be defined as one who utilizes rural sources to create products and set up businesses in these areas which contribute to the upliftment of the rural economy and its growth potential. These rural entrepreneurs, although having similar challenges to urban entrepreneurs, in many instances face additional and more enhanced challenges due to the rural nature of their businesses. Aspects such as finance, infrastructure, good human resource and personal skills like ability to make decisions and bear risk might be more challenging in a rural set-up. India is dominated by rural areas and activities thus highlighting the importance of providing proper support to these areas and entrepreneurs (Petrin, 1992). There has been a decline in agricultural activities in the last decade in India and this sector's contribution to the country's economic growth and GDP and a possible way to improve this situation is through the promotion of rural entrepreneurship. In light of this the main aim of this study was to determine the respondents' perception about rural entrepreneurship. Furthermore, the hypothesis: *there is a significant relationship between negative perception of rural peoples about entrepreneurship and entrepreneurship development*, was set and will be tested.

## 2. Literature review

Entrepreneurship plays a very important role in generating the path for employability amongst rural people. Given this fact, it is very important to develop entrepreneurial skills and competencies (Greblikaite et al., 2016; Solesvik, 2019). Entrepreneurship is defined as the driving catalyst for people who seek employment in the form of business start-ups using their own investment or sourced elsewhere as an attempt to increase their socio-economic status. It is also defined as a phenomenon by the virtue of which new goods, services and people are introduced into the market (Venkataraman, 1997).

The word entrepreneur is derived from a French verb and if briefly translated means to undertake (Landström, 2005). There are various sources and definition to extrapolate the meaning of entrepreneurship. One of them is defined by Joseph Schumpeter in his seminal book the "Theory of entrepreneurship". According to his theory an entrepreneur is someone who emerges from new combinations and brings about a freshness and dynamic transformation to the economy. Such transformations are emerged and visualized in practice in the form of new ideas, thoughts, policies, products as well as new creative ways of carrying out and running a business. According to another definition by Lordkipanidz et al. (2005), based on the theory of economic development, an entrepreneur is the fundamental building block of economic development driven by innovative minds. The Global Entrepreneurship Monitor (GEM) of 2011 reflects towards the fact that despite provisions set up in the GEM report 2009 for providing adequate financial resources for the establishment of these new ventures, as well as facilitates in the form of mentorship and guidance for those who need to be trained in terms of business skills and training and providing physical resources like market requirement and infrastructure (Reynolds et al., 2004) there are still constraints to these ventures in terms of poor human

resources due to lack of proper skills and training. This is currently still the case in many developing countries (Merritt, 1992; Layne, 1998; Meyer et al., 2018).

Entrepreneurship can further be defined as a way of investment in new products, opportunities as well as the ability to start up new business and organizing them. Providing the business with basic needs of capital investment, good market opportunities, labour and infrastructure as well as planning, reporting and maintaining records of day to day work is important for continued business success (KC, 2004). In other words, entrepreneurship is defined as a risk bearing and innovative skill. Entrepreneurship has been globally marked as a way of increasing the standard of living of people, alleviating and reducing socio-economic problems such as poverty and simultaneously providing new job opportunities leading to increased economic activity (Meyer & De Jongh, 2018). The GEM 2011 report mentioned that 70 percent of India's economic presentation depends upon entrepreneurial activities and its effects on the country's economic growth. In the 2017/18 GEM report on India, Shukla et al. (2018) state that agricultural is a predominant sector with many states having as much as 75 percent of its population living in rural areas and relying on agricultural activities as a main source of income. Furthermore, over a third of people starting a business do so out of necessity or survival rather than opportunity.

### **2.1. Entrepreneurship and the link to economic growth**

According to Schumpeter as cited by Higgins (2017), one of the main factors for entrepreneurship that should be present in order to significantly contribute to economic growth is innovation. Innovation is defined as the factor or phenomenon that is used to create and design new things, products and services beneficial for mankind. The main fuel or catalyst for the success of entrepreneurship could thus be considered as innovation (Higgins, 2017).

The concept of economic growth is to a large extent based on models developed by traditional economists such as Myrdal (1957), Rostow (1959) and Solow (1956) and can further be explained as a method to track the progress of a country's GDP and per capita GDP. Economic development, on the other hand, refers to a multi-dimensional measuring concept (Todaro & Smith, 2011) providing a comprehensive overview on a country's progress, specifically including social development aspects (Iyer et al., 2005). In other words, economic development involves a holistic improvement of a society's standard of living through the growth of all sectors of the economy, such as education, health, technology and infrastructure and the overall reduction of poverty and unemployment (Carlson, 1999). In essence, economic development is the balance between the economic and social measurements of a country (Huq et al., 2009; Toma *et al.*, 2014). A link exists between economic growth, development and entrepreneurship. There has been a consistent correlation between per capita GDP and Early Entrepreneurial Activity (TEA) rates (Herrington & Kew, 2013) as well the level of entrepreneurship and economic development (Naudé, 2013; Meyer & Meyer, 2017).

Solow, as part of the neoclassic growth theorists, stated that technological development is an exogenous process and independent from economic motivation (Solow, 1970). In traditional models, it was believed that economic growth is the cumulative efforts of both technological and capital investment regardless of the entrepreneurial role in it. In recent times, there is a growing notion that progress in technology is the paramount force of increasing the overall standard living in society. But, still in many endogenous growth models, both long term and short term, the main base for growth is attributed to knowledge (Grossman & Helpman, 1994). The process of reaching great profits in business is part of the entrepreneurial process due to capital

investment but despite this, many endogenous models do not give credit to the entrepreneurial role in technological development.

Despite efforts made by Schumpeter to explain the link between economic growth and entrepreneurship, it has been largely ignored. There have been past efforts to determine the share of economic growth and industrial procedure based on entrepreneurial roles. There is also a tendency for the same mentioned in the texts (Braunerhjelm & Carlsson, 2008). Acs and Armington (2003) studied the link between the entrepreneurial growth rate at regional level. They examined this link on the basis of three assumptions. Firstly, their way of studying was more detailed and elaborate in nature rather than being selective in nature. Secondly, the unit for analysis included all the economic units. Thirdly, they directly measured the entrepreneurial growth rate based on the increase in the growth rate of local economies. They postulated a direct link between increased entrepreneurial growth rate and the increasing growth rate of local economies despite the fact there were local constraints like agglomerative clustering and size of these entrepreneurial ventures. In addition, a study by Meyer and Meyer (2017) investigating the link between entrepreneurial activity and economic growth and employment in the BRICS group of countries, found a positive relationship between the said factors. Van Stel and Storey (2004) and Van Stel and Thurik (2005) used three defined variables to explain economic growth rate i.e. increase in the number of entrepreneurs, capita per output and world competition index.

## **2.2. Importance of entrepreneurship in developing countries**

One of the main research subjects in the management field over the last 20 years has been entrepreneurship. In addition, much emphasis has been placed on rural entrepreneurship as it is considered the back bone of the rural economic sector within developing countries such as India and South Africa for example. Rural entrepreneurship can be defined as all forms of entrepreneurship that take place in areas characterised by large open spaces and small population settlements relative to the national context (Korsgaard et al., 2015). Rural entrepreneurship not only provides income to local people but also contributes to a better standard of living for rural people in terms of better opportunities, mobilization and the prevention of agricultural brain drain. However, there are several barriers restricting rural entrepreneurial growth including lack of proper and skilled manpower, financial resources, infrastructure and market opportunities. Despite technological innovation there are many problems arising in rural areas. Firstly, the lack of basic resources such as skilled labour, infrastructure and greater market opportunities. If these aspects could be improved there could be greater potential for these rural entrepreneurs to develop and flourish and realise capital output within these rural economic markets. Hence, there are many untapped opportunities for rural entrepreneurs (Saxena, 2012). A further stumbling block to the already mentioned barriers, is the lack of confidence for these entrepreneurs to make the right kind of decisions and the right attitude of being a risk bearer (Hookoomsing & Essco, 2003; Dvorsky et al., 2018; Oláh et al., 2019).

India is an agricultural oriented country (Saxena, 2012) with approximately 73 percent of the Indian population living in rural areas where their main source of livelihood is agricultural farming or related activities. The main factor contributing towards the economic growth from the rural areas comes from the agriculture activities in these areas. But this has a restriction in term of available free land. Considering this restriction on the availability of free land there is an urgent need for the development of agricultural businesses and industries in the rural areas as

well as to improve their functioning. In addition, these businesses and industries act as the main driving force to alleviate the economic gap between rich and poor people. A viable solution for this problem could be considered rural entrepreneurship as these rural entrepreneurs could eventually be setting up factories, workshops and industries in rural areas which could be providing much needed job opportunities and economic growth.

Rural entrepreneurship acts as a catalyst for rural development with the help of employment and income generation in particular areas. Furthermore, it has the potential to also improve the standards of living of people in rural areas (Ngorara & Mago, 2018). Entrepreneurship can also be used as a growth strategy in other developing countries like South Africa, Brazil and Russia (Boohene & Agyapong, 2017).

### **2.3 Importance of entrepreneurship to the rural livelihood of people**

Petrin (1992) states that it is necessary to understand the meaning of entrepreneurship before understanding the functionality of this role. As entrepreneurship has been defined in many ways over many decades it is clear that it is a multidimensional concept (Meyer, 2018). In many instances, entrepreneurship is defined from a risk taking, innovation and profit driven perspective. However, it is necessary to keep in mind the importance skills also play within this concept and how improved skills can lead to more successful entrepreneurs. Hence, in general there is a flaw in some of these traditional definitions (Tyson et al., 1994).

Rural entrepreneurship in general is defined as the start-up of new businesses in rural areas. The exploitation and development of rural areas seems to be a perfect opportunity for rural entrepreneurs (Saxena, 2012). However, as with any business opportunity various barriers could restrict the success of such businesses. In the case of rural entrepreneurs, Hookoomsing and Essco (2003) mention that factors such as the lack of confidence and the ability to take a decision are prominent barriers for rural entrepreneurs. Other additional factors that determine the success of a rural entrepreneur are lack of determination, the attitude to bear a risk and poor management skills plus the disadvantage of being dominated by one major industry (Lyons, 2000). The rural areas are small both in terms of population and geographic location which reduces the market size and potential for growth. Due to the small size of population and isolation it makes it difficult for people to interact and exchange ideas with each other hampering the process of innovation (Robinson et al., 2004). Furthermore, the geographic location in many cases leads to poor infrastructure specifically related to transportation such as roads and rail which make it difficult for these entrepreneurs to deliver their goods and services to the market on time. Electricity interruptions and connectivity issues and poor internet facilities slows down the development of these areas in general. Haftendorn and Salzano (2003) specifically state that poor internet connectivity can deprive the local entrepreneurs from networking opportunities and cause setbacks and losses.

One of the biggest obstacle in the development of rural entrepreneurship is bureaucracy and the inexperienced nature of the entrepreneurs as they tend to sometimes not understand legal aspects and processing and formalities needed to obtain loans or other financial assistance to start up a business. This causes cases where such potential entrepreneurs may be vulnerable to these bureaucrats and corrupt officials (Haftendorn & Salzano, 2003). They also lack proper collateral sources which could assist in more financial support. What is needed in such situation is to set-up a social networking circle in rural areas that provide a networking background with

rich and influential entrepreneurs to provide them assistance for money lending and loans (Shukla et al., 2018).

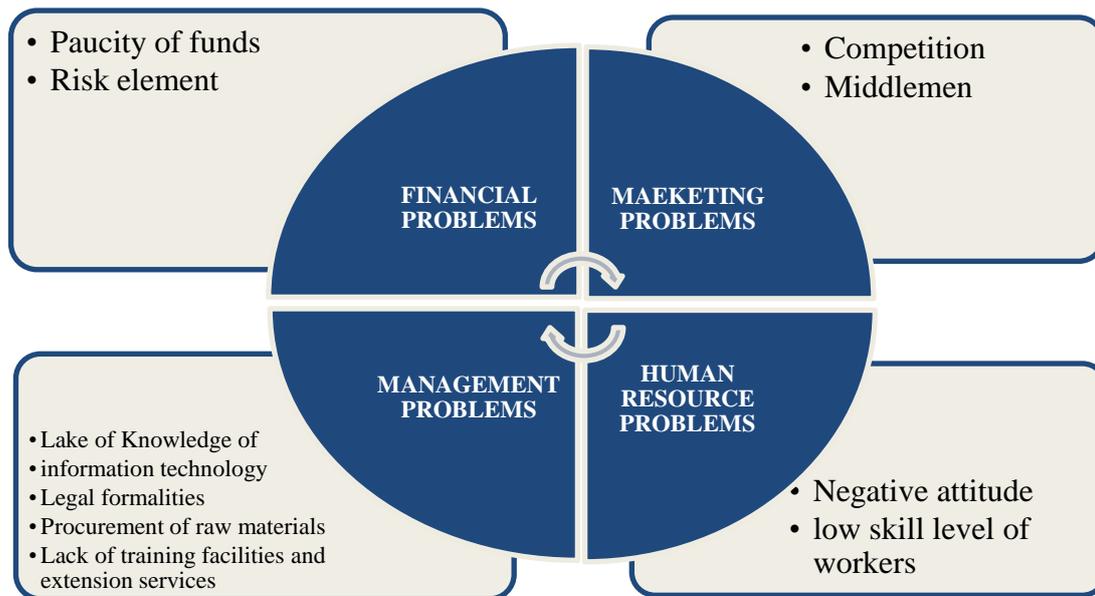
Similarly, rural entrepreneurship also includes an aspect of rural industrialization; which has another set of start-up challenge in term of organization, management, providing capital investment and so forth. There are several disadvantages to the rural areas in comparison to the urban areas especially in terms of economic growth (Smallbone, 2009). Due to problems like rural-urban migration and semi-urban to fully developed urban area infrastructure, there are less available working forces in the form of skilled and unskilled labour. Furthermore, problems such as inadequate education, poor infrastructure, lower competition levels and poor internet resources, leads to increased challenges to rural entrepreneurs when starting and growing their businesses in these areas. Despite this, rural entrepreneurs and their noticeable work conducted in selected developmental regions shows great significance. Rural entrepreneurship is presently a focus area in terms of theory, practical, economic and political concern (Aggarwal & Upadhyay, 2009; Sadaf et al., 2018). Though, it is a well-known fact that rural entrepreneurship is a key contributor towards rural development (e.g. Greblikaite et al., 2017) it still is not properly studied and researched. There is a need for the understanding and development for a conceptual model for these rural entrepreneurs in different sectors and institutes such as micro and small village enterprises. Rural entrepreneurs not only contribute by establishing their own new businesses but also make use of locally available resources giving job opportunities to these local workers producing their goods using rural resources (Saxena, 2012).

#### **2.4 Barriers and challenges of rural entrepreneurship**

According to Swanepoel et al. (2010) there has been a decline in the economic activities both in India and Hungary due to an increase in the level of unemployment and decrease in total early stage entrepreneurial activity (TEA). The 2009 GEM report (Bosma & Levie, 2009) state that this decreasing trend is mainly due to the challenges faced by entrepreneurs. Timm (2011) indicates that challenges like poor education, lack of financial assistance, lack of funds and negative attitude and socio-economic problems are some of the major challenges. The main key for success for these small scale businesses are access to financial sources (Naudé, 2008). The entrepreneurs are restricted by two schools of thought one is the psychological thought of facing rigid competition and failure despite their best efforts. Another psychological factor is the attitude of these entrepreneurs that lead to a need for optimism and achievement (Taormina & Lao, 2007).

Another setback faced by these rural entrepreneurs is linked to their cultural background and the thought process. An entrepreneur's success can depend on some cultural aspects i.e. trust of the society in his abilities and innovative thinking. A highly encouraging society increases the potential and motivation of these entrepreneurs and their aspiration to be more successful (Hisrich et al., 2007). Figure 1 reflects some challenges and problems faced by rural entrepreneurs.

#### **Figure 1. Challenges and problems faced by rural entrepreneurs**



Source: Jayadatta (2017)

**Financial Problems:** Financial constraints is one of the main stumbling blocks for new projects and ideas. Many of these rural entrepreneurs do not get adequate funds or external financial sources for setting up their businesses and the process of obtaining a loan is time consuming and sometimes not an option. Dabson (2001) and Saxena (2012) mention that although entry of these entrepreneurs into the market could be considered as the main problem actually staying in business is even more of a challenge.

**Management Problems:** Lack of knowledge and information technology is a common problem in rural areas. Due to their isolated locality they depend on the internal sources to obtain information and this may be problematic at times. Personal and family relationships can also be encouraging and discouraging at times and lead to management issues.

**Human Resource Problems:** There are many uneducated, unskilled labour in the rural areas who due to lack of training, guidance and experience tend to fail in keeping their businesses active. Furthermore, unskilled labour in these businesses can also be a problem. These entrepreneurs tend to face problems in obtaining the correct licensing due to lack of knowledge and resources.

**Marketing Problems:** Small businesses are vulnerable to the presence of larger more established businesses in the market. These new and smaller businesses have less financial assistance and networking skills compared to the larger more established ones. There are many times exploited by these larger businesses on whom they are dependent for the selling of their goods and services (Saxena, 2012; Smallbone, 2009).

### 3. Methodology

#### 3.1. Research purpose and design

The main aim of this study was to determine the respondents' perception about rural entrepreneurship. The sample comprised entrepreneurs operating micro, small or medium businesses in rural India more specifically the Vidarbha region. The study made use of primary data obtained through self-administered questionnaires. The Perception scale used by

Katekhaye (2018) included 10 variables formulated from various authors (Linan et al., 2005; Lall & Sahai, 2008; Dempsey, 2009).

### 3.2. Study area and sample

This study employed a descriptive research design and a simple random sample of 340 participants registered with the Vidarbha region district industries centre (DIC) were drawn. The final sample comprised 297 completed questionnaires equalling an 87 percent responses rate. In context of the population studied, the sample included different MSMEs, income groups and genders for example. The reason behind choosing these areas for the study was because these blocks form part of the centres of various business activities. The distribution of the sample is shown in Table 1.

**Table1. Distribution of sample**

Districts/DICs	Block	Sample size of entrepreneurs
Chandrapur	Warora	33
Gondia	Tiroda	69
Akola	Khamgaon	35
Wardha	Hinghanghat	43
Amravati	Warud	38
Bhandara	Lakhani	79
<b>Total</b>		<b>297</b>

*Source: field survey conducted in India*

### 3.3 Research instrument and procedure

A comprehensive questionnaire was designed to conduct the study. The questionnaire was based on related literature on the topic and designed to meet the research objectives. The questionnaire comprised closed-ended questions and statements with regard to assessing perception about rural entrepreneurship and a 5-point Likert-type scale ranging from strongly disagree to strongly agree was used to collect the data.

### 3.4 Data analysis

This analysis employed both descriptive and inferential statistics. In order to analyse the data, statistical analyses were employed and reported on using the Statistical Package for Social Science (SPSS) Version 20 software by IBM. The analysis included descriptive statistics and one-sample t-test to test the research hypothesis. Cronbach alpha coefficient was used to determine the internal consistency and reliability of the research instrument.

## 4. Results and discussion

The main aim of this research was to determine the respondents' perception about rural entrepreneurship. The Cronbach alpha coefficient for the ten items resulted in an acceptable statistic of 0.731 suggesting that the items have relatively high internal consistency (Malhotra, 2010).

Concerning the demographic profile of the sample the following aspects were included in the questionnaire: age, gender, education, sector, family perception, age of business, and size of enterprise etc. The majority of the respondents (73.4%) were males while females constituted only 26.6 percent. From this study it was found that the largest group of respondents (46.1%) were aged from 26 to 30 years while only 8.1 percent of respondents belonged to the older than 45-year age group. As far as educational level of the respondents is concerned, 49.5 percent of the entrepreneurs obtained a secondary education while only 11.8 percent were in possession of a post-graduate degree. Most of the respondents (67.7%) were living in the same rural town where their business was operating in, followed by only 9.1 percent living in the nearby urban areas. Approximately 23 percent resided in their hometown. Around 15.8 percent of respondents have the responsibility of 2 dependant family members, while 31.0 percent were made up of a family with 3 to 4 members. More than half of respondent had large families with 27.9 percent having between 5 and 6 members and 25.3 percent reported to have more than 6 members in their family. The respondent felt strongly (79.5%) that the effect of family perception on growth of rural entrepreneurship i.e. perception and support for their business growth by family members is important while only 20.5 percent hold the notion that this is not so important.

As mentioned before, adequate investment or funding is an essential factor for business start-up and survival. From this study results indicated that 38.8 percent of respondents took out a bank loan and 7.7 percent had financial support from family. The entrepreneurs belonged to different forms of business types and as expected from small rural businesses 73.1 percent held sole ownership of the business enterprise while only 4.4 percent were running a limited legal entity. Most businesses were in early stages and between 1 and 3 years old. A total of 19.5 percent were in operation for between 4 and 6 years. Within the Indian context, the classification of MSMEs are categorized into three major types which are micro enterprises, small enterprise and medium enterprise (MSME Development Act 2006). From this study, 5.7 percent of respondents reported to be managing micro sized enterprises whereas the majority of them (61.6%) fell into the small business sized category. The remaining 32.7 percent reported running medium sized enterprises. The businesses were differentiated into four sectors, agriculture, manufacturing, service and handicraft. Results indicated that the majority of respondents (40.7%) were involve in the agriculture sector followed by only 7,7 percent belonging to the handicraft sector. Concerning annual income of the entrepreneurs, the majority of respondents (64.6%) mentioned they receive an annual income of 1 Lac or less whereas a mere 1.3 percent of the entrepreneurs had annual income of between 6 to 10 Lac (1 Lac = Rs100 000 = approximately €1 262).

Entrepreneurs play a very important role in the economic development of a country but many individuals still have a negative perception about rural entrepreneurship and its development, especially considering the low income in some cases. Empirical studies on rural entrepreneurship is scares and the concept of perception remain mostly unidentified in this scenario. Understanding the requirements for and consequence of the concepts of rural entrepreneurship and the effects it may have on communities may be valuable. As mentioned by Aggarwal and Upadhyay (2009), rural entrepreneurship is presently a topic of discussion in theory, practice and of political concern.

As mentioned, rural entrepreneurs face numerous problems and challenges in their day to day activities. Table 2 and Figure 2 depicts the perception of the respondents regarding several rural entrepreneurial statements.

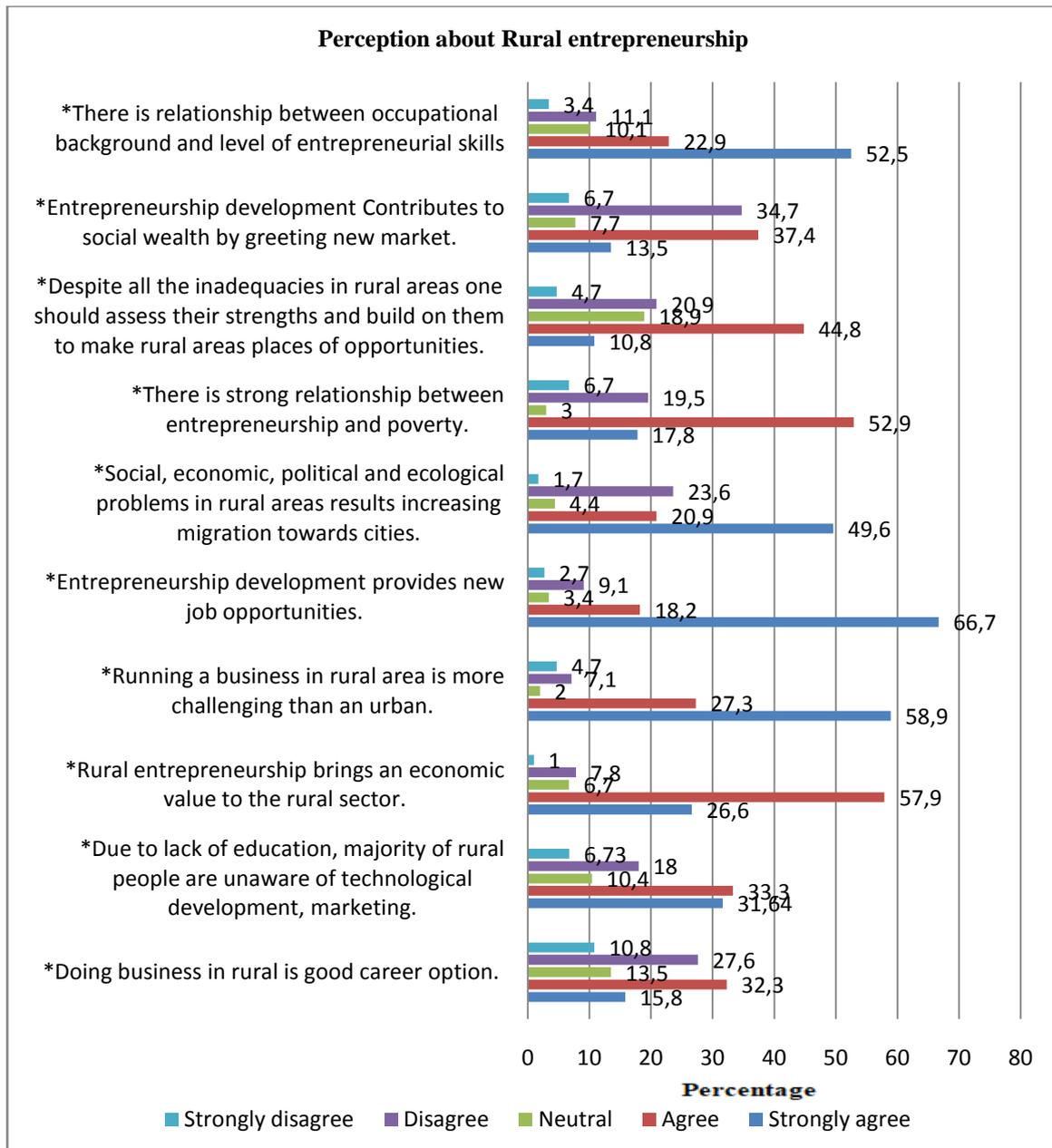
**Table 2. Item mean scores**

Item / Statement	Rank	Mean N=297 Max=5	SD
Entrepreneurship development provides new job opportunities.	1	4.37	1.083
Running a business in a rural area is more challenging than an urban.	2	4.29	1.114
There is a relationship between occupational background and the level of entrepreneurial skills of entrepreneurs.	3	4.10	1.171
Rural entrepreneurship increases economic value to the rural sector.	4	4.01	.858
Social, economic, political and ecological problems in rural areas results in increasing migration towards cities.	5	3.93	1.274
There is strong relationship between entrepreneurship and poverty.	6	3.56	1.185
Despite all the inadequacies in rural areas one should assess their strengths and build on them to make rural areas places of opportunities.	7	3.35	1.071
Due to lack of education, majority of rural people are unaware of technological development and marketing.	8	3.25	1.385
Entrepreneurship development contributes to social wealth by creating new markets.	9	3.16	1.232
Doing business in a rural area is a good career option.	10	3.15	1.288

Source: field survey conducted in India

Table 2 provides mean scores and standard deviation statistics for the 10 items. The respondents, although considering entrepreneurship as important, does not think doing so in a rural area is a such a good career option as this statement received the lowest score.

**Figure 2. Perception about rural entrepreneurship in India**



Source: Field survey conducted in India

From Figure 2 and Table 2 it is evident that the respondents feel that entrepreneurship offers job opportunities and could be considered important as this was the highest scoring mean ( $m=4.37$ ). In contrast to this, they also felt that running a business in a rural area is more challenging than in an urban area ( $m=4.29$ ) however they acknowledge that rural entrepreneurship increases economic value in such areas ( $m=4.01$ ). The respondents further indicated that having some occupational background or experience could be beneficial to increased entrepreneurial skills ( $m=4.10$ ). According to Jary and Jary (1995) who analysed the relationship between necessity entrepreneurship and the economic circumstances of a country, when conditions are better, job opportunities increase and, therefore, the necessity to open new businesses is reduced, however, this again leads to more opportunity driven entrepreneurial

activity. Similarly, McMullen et al. (2008) explain that the economic condition in a country greatly influence the choice between necessity and opportunity-driven entrepreneurship.

Another factor which restricts rural development and what is believed by many entrepreneurs as a potential stumbling block is education. Due to lack of education, the majority of rural people are not aware of technological development and lack marketing knowledge ( $m=3.25$ ). Literature regarding rural education has a strong agricultural rather than technological focus. Grace and Sen (2013) considers the pivotal part that increased technology plays in the role of rural entrepreneurial development and community resilience.

Entrepreneurs are those who create their own career as they work outside the limitations of full employment while balancing the three components of authenticity, stability and challenge. An entrepreneurs' career experiences can consist of previous start-up experience, previous management experience, and previous industry-specific experience (Katekhaye, 2018). These experiences in turn produce effects at an entrepreneurial learning level, specifically for opportunity identification. Indeed, entrepreneurship as a career option has also been explained in the literature as self-employment (Kenney & Mujtaba, 2007). Regarding rural areas, despite having the lowest mean from the 10 items ( $m=3.15$ ), entrepreneurs to some extent believe doing business in these areas is a good career option although more respondents disagreed or had a neutral stance regarding this statement. Due to social, economic, political and ecological problems in rural areas there is an increasing migration trend towards cities ( $m=3.92$ ). This also leads to more problems in rural areas as many skilled people with resources tend to leave these rural areas in search of better opportunities in more developed cities and regions.

The United Nations Report, (1997 and 2000) state that as the world's economies become more interdependent, solving a problem as big and as difficult as poverty demands international alliances. According to the International Fund for Agricultural Development (IFAD), the Millennium Development Goals set forth by the United Nations are a guiding light for international cooperation for development, in particular the target to halve the proportion of people living in extremely poverty. Entrepreneurship has been considered as a key contributor to mitigate poverty, hence the statement there is relationship between entrepreneurship and poverty is supported by the respondents ( $m=3.56$ ). Another factor that might contribute to rural development is accessing the strengths of an area despite all the inadequacies and build on them to make rural areas places of opportunities. This view was supported by the respondents ( $m=3.36$ ). As rural areas are sometime classified as areas with higher social problems, the respondents were asked if they through that entrepreneurship development contributes to social wealth by creating new market opportunities and they agreed ( $m=3.16$ ).

For the purpose of verifying the formulated hypothesis: *H1: There is a significant relationship between negative perception of rural people about entrepreneurship and entrepreneurship development*, a one-sample t-test was used and the results are presented in Table 3.

**Table 3. Description about one-sample test for hypothesis testing**

Test Value = 0					
T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
				Lower	Upper
148.513	296	0.000	36.13805	35.6592	36.6169

Source: SPSS analysis

As can be seen from Table 3, the analysis resulted in a significance level of  $p < 0.05$  and t-value of 148.51. Therefore, the hypothesis is supported and it can be stated that there is a significant relationship between negative perception of rural people about entrepreneurship and entrepreneurship development. Perception plays a significant part in how people react and act to certain situations and in this case respondents feel that the perception of individuals in rural areas regarding entrepreneurship has an effect on entrepreneurial development. A previous study conducted by Capelleras et al. (2016) supported these findings as they found that individual's perceptions directly affect the decision to start a new business. Still, not many people, especially in rural areas, are aware of the joint impact of entrepreneurs' perceptions and the urban/rural environment where the business is situated in.

According to Glinka and Thatchenkery (2013) favourable social and cultural contexts are very important to help entrepreneurs succeed in their businesses. This was also pointed out by Meyer and Meyer (2016) who stated that an enabling environment is needed for business success in both rural and urban areas. People's perceptions, values and beliefs cannot be created or changed by direct governmental or other initiatives, particularly in the short term. It can however change over time if the environment can be more favourable for these rural entrepreneurs. Berger and Luckman (1983) state that as our reality is constructed socially new values, beliefs and the perception towards entrepreneurship may change only gradually and over a long period of time. Individuals' perceptions of entrepreneurs and entrepreneurship imitate their cultural and environmental context, but they may also point out the quality and efficiency of education as a factor for promoting entrepreneurial behaviour.

From previous research conducted by Lall and Sahai (2008) on the effect of family perception connected to the growth of rural entrepreneurship in India, the authors found that the role families and role models play is very important. This could positively encourage individuals who reside within the same environment to enter into entrepreneurial activities. Most of the literature with an economic focus, traditionally emphasized on the individual's decision to become an entrepreneur as an effect of a maximization process or purely for the choice of an employment opportunity with the highest expected return (Capelleras et al., 2016). However, Arenius and Minniti (2005) argue that this approach must be more balance by incorporating variables describing personal perceptions of the emerging entrepreneur. In conclusion, the decision to be an entrepreneur tends to be based more on subjective and often biased perceptions rather than objective expectations of potential success (Koellinger et al., 2007).

## 5. Conclusion and recommendations

The importance of entrepreneurship has been highlighted in many studies and policies and in the case of rural areas, the promotion thereof may be even more important. Rural areas, especially those with a focus on agriculture are in many cases considered the backbone of an economy as countries with successful and productive agricultural sectors significantly contribute to economic growth. Unfortunately, many rural areas lack resources to support new and developing entrepreneurs and this in many cases causes a negative perception regarding rural entrepreneurship. In light of this, the main aim of this study was to determine the respondents' perception about rural entrepreneurship. Findings suggest that although all of the statements returned a positive mean score the respondents felt less positive that entrepreneurship development contributes to social wealth by creating new markets and that doing business in a rural area is a good career option. This is supported by the Global Entrepreneurship Monitor and this is also the case in most of India and not just in rural areas (GEM Consortium, 2019). Although the study contributed to expand the existing body of knowledge on rural entrepreneurship it is not without limitations. Firstly, the study only focussed on one district in India and expanding the sample size and area may be beneficial to the overall findings. Furthermore, the study was descriptive in nature and further investigation into causes through enhanced statistical analysis can provide further findings. These limitations pave the way for further future research such as including a larger sample and more rural districts. The use of more variables to include in the study can also prove to be interesting.

As India faces major drawbacks regarding entrepreneurial education, government regulation, and the implementation and commercialisation of research and development into new knowledge and technologies some of the main recommendations stemming from this study could be the development and implementation of better and more effective entrepreneurial training programmes especially with a focus on rural challenges. As with other developing countries, entrepreneurial initiatives and incentives by government is not lacking however, the implementation and proper management thereof is problematic. Thus, a further recommendation may include allocating some projects originally run by government to private companies to manage more effectively. Secondary recommendations can include reducing red-tape surrounding starting of businesses, providing funding support especially in rural areas, providing business or mentor support to newly started businesses and ensuring MSME's in rural areas receive some form of tax breaks.

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