



ISSN Print: 2394-7500
ISSN Online: 2394-5869
Impact Factor: 5.2
IJAR 2015; 1(7): 621-624
www.allresearchjournal.com
Received: 08-04-2015
Accepted: 11-05-2015

N. Muruganantham
Ph.D. Research Scholar, Dept.
of Business Administration,
Annamalai University,
Annamalai Nagar – 608 002

G. Natarajan
Assistant Professor, Dept. of
Business Administration (DDE
WING), Annamalai
University, Annamalai Nagar
– 608 002

Barriers of Entrepreneur in Rural Area

N.Muruganantham, G.Natarajan

Abstract

Entrepreneurs face a wide variety of barriers and challenges throughout the life and growth of their entrepreneurial barriers. This study expands the knowledge base on rural entrepreneurs' needs, specifically their needs in terms of service areas and service delivery method preferences. New customers, growth benefits and tools, market expansion, general marketing, and networking skills. The effects of entrepreneurial stage and years in business on entrepreneurial support needs are also examined. The paper argues that social arrangements prevailing in rural partly explain these results. Consequently, the main aim of this study is to investigate barriers and hurdles in choosing entrepreneurship. Using the strategically tools; Percentages Analysis, 't'-Test, AnovaTest, Analysis of Variance having taken 95 number of respondents from entrepreneurs in sivagangai. The findings suggest that lack of skills, lack of assistance, lack of capital, lack of awareness, and fear of future are major hurdles to starting a business. This study suggests that Government, Nonprofit organizations, Universities and other influential institutions and sectors should endeavor for providing better training, skills and knowledge as well as good environment to feel some comfort in launching a new business.

Keywords: Barriers, Skill, Rural Communities, Entrepreneur, Training, Business Education,

Introduction

Entrepreneurship is the serious choice for young people who are facing double digit unemployment in most part of the world. Currently, traditional careers and opportunities for employment and living are drying up at faster pace. Therefore, most of young people are taking initiatives to start their own businesses and a lot of assistance and support is provided in order to create supportive and encouraging environment. In literature, there is no single definition for entrepreneurship. Although, 250 years have passed, there is yet to introduce a single definition for entrepreneurship since Cantillon provided definition about it. Entrepreneurship is the process to create wealth for individual and group in a dynamic environment ^[1] (Sathiabama, 2010) ^[2] (Herrington *et al.* (2009) pointed out entrepreneurship is the process converting low production resources into higher productive and yield with taking some manageable risk.

Entrepreneurship can be separated at different stages, like cognitive and behavioral stages, these provide information why some people are involve in and why someone not ^[3] (Baron, 2004). Similarly, entrepreneurship can be explained in two different ways, one is pre-birth also known as entrepreneurial intention or latent or nascent entrepreneurship (means people who are motivated and have intention to start the business) and post-natal stages or actual entrepreneurship (people who are running their business) ^[4] (Van Gelderen *et al.*, 2005) ^[5] (Masuda, 2006). These phases of entrepreneurship may have further precursor ^[6] (Van Der Zwan *et al.*, 2010). Latent entrepreneurship can be defined as clear preference of being self-employed over work as an employee ^[7] (Blanchflower *et al.* 2001) ^[8] (Grilo and Irigoyen, 2006). According to ^[9] (Bird (1989) entrepreneurial intention is the state of mind which provides clear direction and guidance to someone to develop and run a new venture. There are a lot of studies which confirm the relationship of intention and actual behavior ^[10] (Shavor & Scott, 1991).

Entrepreneurs Face Problem and Challenges

Entrepreneur faces problems and challenges at the start of business. The first main challenge being faced is education. Education plays an important part in the success of venture. Education is correlated with lower start-up costs of enterprise and high wealth. Education influences the greater productivity of a business and entrepreneurial abilities. It is profitable

Correspondence:
N. Muruganantham
Ph.D. Research Scholar, Dept.
of Business Administration,
Annamalai University,
Annamalai Nagar – 608 002

for entrepreneur as compared to employees. Second problem is social networking in which women face a big gap in the male dominant society. Weak networking is based on religious beliefs. A social network is used to identify the relationship between individuals. Entrepreneurs face barriers in social bonding. The first part includes Introduction in which we will discuss the concept of entrepreneurs, entrepreneurship and comparative challenges of male and female, significance of the study and objectives of study. The second part is focused on Literature review of relevant studies. In third part we will give a complete theoretical framework of concerned study. The fourth part delivers the methodology. Fifth chapter describes the analysis of measured data. Finally in sixth chapter we will discuss findings, conclusion suggestions and solutions of problems for entrepreneurs.

Review of Literature

Gilbert (2014) study examined the barriers to youth entrepreneurship in rural areas of Ghana specifically the challenges encountered by youths who want to set-up their own businesses. The study collected both primary and secondary data using semi-structured questionnaires, interviews and review of empirical and theoretical literatures. Youths in Komenda, Edina, Eguafu, Abirem Municipal Assembly was the target population. Purposive sampling technique was applied to select 240 respondents. Descriptive statistics which involves simple percentage, graphical charts and illustrations was purposefully applied in data presentations and analysis. The findings of the study reveal youths perceive lack of capital, lack of skill, lack of support, lack of market opportunities and risk as the main obstacles to entrepreneurial intention. It is recommended that Ghanaian youths be equipped with entrepreneurial skills to move them to the next level of development.

Ahmad et al. (2013) studied the Analysis of barriers to entrepreneurship in Small and Medium-sized Enterprises. Today entrepreneurship is considered as the economic driving engine for developed and developing countries and most countries have invested considerably on entrepreneurship development. The entrepreneurship development in a community could provide sustainable employment and economic development. It should be noted that entrepreneurship development has always been encountered different challenges and barriers. The present article is aimed to detect and classify the barriers of entrepreneurship development in Iranian SMEs and determine the importance of each barrier. Analyzing 28 detected barriers in the present study show that lack of sufficient knowledge in management skills, business management, lack of adequate investment to start and retain a business, difficulty in finding information about markets, products and prices, troublesome rules obtaining bank loans, and the difficulty in recruiting good and reliable staff are the most important barriers and challenges of corporate entrepreneurship development in Iranian SMEs.

Bahareh et al. (2012) studied the rural entrepreneurship can be considered as one of the solutions to reduce poverty, migration and develop employment in rural environments. In this study, the necessity of sustainable entrepreneurship, the effective factors and the barriers to entrepreneurship in rural area will be described. In this regard, a model has been

considered to create a sustainable rural entrepreneurship area by establishing a logical connection between the effective factors in entrepreneurship. Some of the most important challenges that can be pointed out are: lack of access to capital and facilities, problems in supplying goods and services, emphasis on an industry or particular business, low possibility risk in villages and lack of supporting organizations. Review and analysis of rural entrepreneurship in order to achieve sustainability. This research in implementation process is qualitative and in objective is descriptive and then analytic. The results indicate that comprehensive development can never be obtained without rural development and in order to achieve this goal the best investment is creating a context for sustainable entrepreneurship and its promotion in rural area since the entrepreneurship has this ability to identify resources, opportunities and problems available in the context while devising new solutions to move toward developing of different aspects of village and environment.

Muhammad (2010) studies the Barriers for Business Students in Becoming an Entrepreneur in Pakistan. Entrepreneurship is very constructive tonic for economic and social development of a country. Intention of youth is strong predictor for future entrepreneurial career. In Pakistan, youth is having moderate entrepreneurial intention. Consequently, the main aim of this study is to investigate barriers and hurdles in choosing entrepreneurship. Using data from 114 undergraduates and graduates of management sciences and getting response with 21 items on Likert scale. Data analysis is mainly executed through descriptive statistics, T test, correlation, Cronbach Alpha, and component factor analysis. The findings suggest that lack of skills, lack of assistance, lack of capital, lack of awareness, and fear of future are major hurdles to starting a business. This study suggests that Government, Nonprofit organizations, Universities and other influential institutions and sectors should endeavor for providing better training, skills and knowledge as well as good environment to feel some comfort in launching a new business.

Objective of the Study

- ❖ To analyze the Entrepreneurs face of barriers and challenges throughout the life and growth of their entrepreneurial.
- ❖ To suggest suitable measures for the development, improvement and identify the Entrepreneurial in sivagangai district.

Problem of Rural Entrepreneurship

Rural entrepreneurship is now a days a major opportunity for the people who migrate from rural areas. On the contrary it is also a fact that the majority of rural entrepreneurs is facing many problems due to not availability of primary amenities in rural areas of developing country like India. Lack of education, financial problems, insufficient technical and conceptual ability it is too difficult for the rural entrepreneurs to establish industries in the rural areas. This paper makes an attempt to find out the Problems and Challenges for the potentiality of Rural Entrepreneurship. It also focuses on the major problems faced by rural entrepreneurs especially in the fields of Marketing of products, financial amenities and other primary amenities, i.e. availability of electricity, water supply, transport facilities and required energy etc.

Financial Problems

- Paucity of Funds, Lack of Infrastructural Facilities, Risk Element

Marketing Problems

- Competition, Middlemen

Management Problems

- Lack of Knowledge of I.T, Legal formalities

Procurement of Raw Materials

- Lack of Technical Knowledge, Poor Quality of Products

Human Resources Problems

- Low Skill Level of Workers, Negative Attitude

Methodology

The universe of the study refers to (DIC) District Industrial Corporation office Sivagangai District. The sample size taken to conduct the research is 95 rural people. The respondents were selected by using convenient sampling technique. Structured interview schedule was used for primary data collection. Secondary data was collected from earlier research work, various published journals, magazines, websites and online articles. Simple Percentage Analysis, Analysis of variance (Anova), and T- Test are the tools used by the SPSS (Statistical package for social sciences) for data analysis.

Result and Discussion

Table 1: Classification based on Personal Factors

S. No	Personal Factors	No. of Respondents	Percentage (%)	
1	Finance Come	Family	63	66.3
		Personal Savings	6	6.3
		Bank Loan	11	11.6
		Credit Card Borrowing	7	7.4
		Government Star-up Grant	8	8.4
		Total	95	100.0
	2	Type of Preferred Business	Manufacturing	29
Distributor			33	34.7
Whole Seller			21	22.1
Retailer			12	12.6
Total		95	100.0	
3	Economic Status	Poor	10	10.5
		Middle Class	66	69.5
		Upper Middle	14	14.7
		Others	5	5.3
Total	95	100.0		
4	Involvement in Starting The Business	Less than 6 Months	16	16.8
		6-12 Moths	44	46.3
		1-3 Years	20	21.1
		More than 3 Years	15	15.8
		Total	95	100.0
5	Size of Your Preferred Business	Micro/Cottage (10)	41	43.2
		Small (Less than 50)	36	37.9
		Others	18	18.9
		Total	95	100.0

Source: Primary Data

Inference

Thus the above table shows that majority 63.3% of the respondents belong to the age group of family and only 6.3% of the respondents personal saving. Majority 30.5% of the respondents are type of business only 12.6% of the respondent’s retailer business. Maximum 69.5% of the respondents have middle class and only. Majority involved in business started 46.3% of the respondents 6-12 month’s new business. Majority size of your preferred business cottage employee 43.3% preferred business respondents.

Table 2: ‘T’-Test between general and factors of barrier entrepreneurial

Factors	General	N	Mean	S.D	F	P
Lack of family support	Male	66	2.17	1.431	12.541	.001
	Female	29	1.72	.591		
Shortage of money	Male	66	2.26	1.351	6.610	.012
	Female	29	2.21	.861		
Lack of other support (technical, marketing, training) from banks	Male	66	2.08	1.256	3.063	.083
	Female	29	2.52	1.455		
Lack of favorable govt. policies relating to small business promotion	Male	66	2.15	1.218	8.981	.003
	Female	29	2.24	1.573		
Fear of loan	Male	66	1.89	1.266	2.918	.091
	Female	29	2.62	1.449		
My current life situation	Male	66	2.09	1.077	6.369	.013
	Female	29	2.31	1.417		
Lack of business idea	Male	66	1.97	1.037	9.608	.003
	Female	29	2.72	1.412		
Lack of personal skill and competence	Male	66	2.11	1.178	12.051	.001
	Female	29	2.52	1.661		
Lack of experience	Male	66	1.97	1.037	9.608	.003
	Female	29	2.72	1.412		

Inference

From the above table it is inferred that there is a significance mean difference that exist on barrier rural based on gender and there is no significance mean difference that exist on hours in a day spend with male & female and difficulty in getting work done.

Table 3: One-way analysis of variance between Age and barriers of entrepreneurial

Age	N	Mean	S.D	F	P
20-25 years	67	2.01	.977	6.676	.002
26-30 years	25	2.44	1.530		
31-35 years	3	4.33	.577		
Total	95	2.20	1.208		

Inference

Thus the above table shows that there is a significance mean difference that exists on entrepreneurial barriers on the basis of age group.

Managerial Implications

Findings suggest entrepreneurial education plays an important role in fostering entrepreneurial intentions among rural area. Education empowers graduates to successfully

plan, start, and operate a business in three phases: (1) idea development, (2) organizing the founding of a firm and (3) running a newly-established firm. As such, the contribution of rural is most significant in influencing the first two phases. Thus, the relevance of DIC office should be assessed by their efficacy to “train” their students into becoming self-sustaining entrepreneurs’. The implications are that rural people curricula should be redesigned in order to stimulate an environment that is conducive to developing positive entrepreneurial attitudes. Particular emphasis should be placed on female, who are observed as facing the greatest barriers in starting and running businesses. Incorporating real-life business training with theory will go a long way towards supporting entrepreneurial activity. Vehicles such as business incubators and entrepreneurship-mentorship programmes are also encouraged.

Conclusion

Based on the study it is concluded that there is a significant relationship between personal factors (financial come. type of preferred business, size of preferred business, involvement start the business, economic states) and barriers of entrepreneurial rural area side. The relationship between personal factors and rural entrepreneur will be an important input in designing appropriate policies for DIC issues Sivagangai district. The results also indicated that the rural barrier entrepreneurship in rural people is a challengeable one. Another interesting area of study could be the empirical testing of the link between education and entrepreneurial intentions. Future researchers could also consider further exploring the different typologies of not only youths but also the general population in terms of entrepreneurship barriers experienced.

References

1. Baron, RA. The cognitive perspective: A valuable tool for answering entrepreneurship’s basic „„why”” questions. *Journal of Business Venturing* 2004; 19(2):221-239.
2. Bird BJ. *Entrepreneurial Behavior*. Scott Foresman, Glenview, IL, 1989.
3. Blanchflower DG, Oswald A, Stutzer A. Latent entrepreneurship across nations. *European Economic Review* 2001; 45(4-6):680-691.
4. Grilo I, Irigoyen JM. Entrepreneurship in the EU: To wish and not to be. *Small Business Economics* 2006; 26(4):305-318.
5. Herrington M, Kew J, Kew P. Tracking entrepreneurship in South Africa: a GEM perspective, 2009. [Online]. Available:<http://www.gemconsortium.org/article> (6 September 2010).
6. Masuda, Tatsuyoshi. The determinants of latent entrepreneurship in Japan. *Small Business Economics* 2006; 26:227-240.
7. Sathiabama K. (n.d.). Rural women empowerment and entrepreneurship development [Online]. Available:<http://www.microfinancegateway.org/ga> (August 15, 2010), 2010.
8. Shaver KG, Scott LR. Person, process, choice: The psychology of new venture creation. *Entrepreneurship theory and practice* 1991; 16(2):23-45.

9. Van Gelderen MW, Thurik AR, Bosma N. Success and risk factors in the pre-startup phase. *Small Business Economics*, 2006; 26(4):319-335.
10. Van der Zwan P, Thurik AR, Grilo I. The entrepreneurial ladder and its determinants. *Applied Economics* 2010; 42(17):2183-2191.
11. Chimucheka T. “Impediments to youth Entrepreneurship in rural areas of Zimbabwe”, *African Journal of Business Management* 2012; 6(38):10389-10395 Available at: www.academicjournals.org/AJBM
12. Ahmadpoor Daryani, M, Erfanian A. The role and place of entrepreneurship in reaching economic growth and development, *Economic Magazine*. Monthly review of economic and policy issues. Office of Economic Affairs, Ministry of Economic Affairs and Assets 2007; 7(69):1-19.
13. Maia L. Enhancing entrepreneurship in rural tourism for sustainable regional development: The Case of Soderslatt Region Sweden. *The International Institute for Industrial Environmental Economics (IIIEE), International Miljo Institute, Sweden, 2002.*
14. Ahmad R, Azim P. Youth population And the labour market of pakistan: a micro level study. *Pakistan Economic and Social Review (Winter 2010)* 2010; 48(2):183-208.