

# Theoretical Foundations of Agripreneurship Development Process: A Study of Best Practices, Facilitative Factors and Inhibitive Factors of Achiever Farmers

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## ABSTRACT

Promotion of entrepreneurship development has become an essential feature in the national development plans of most countries, and those that have adopted this strategy earlier than others are now reaping some success. In order to train the farmers to be entrepreneurial to manage agriculture not as a way of life but as an enterprise having capabilities for agri-entrepreneurial endeavours, availability of factors of success of an agri-enterprise may help to replicate such examples in other areas as well. The present study is an effort to delineate the success factors along with best practices for agripreneurship development. It is established that hard policies usually provide assistance in the form of finance while soft measures include enhancing capabilities, technology and access to technology, physical infrastructure, and advice after the start. From the analysis of success factors and best practices of 52 cases it may be inferred that unique needs of rural youth can be addressed through a holistic approach that places high-quality small business and life skills training alongside relevant technical training.

**Keywords:** Entrepreneurial competencies, Best practices, Facilitative factors and inhibitive factors

## INTRODUCTION

According to the World Bank (2018), 2.4 billion people live in an extremely poor condition spending less than US\$1.90 each day. Most poverty measurements are introduced based on the poverty line that distinguishes the income and expenditure between low-income, poor, and non-poor households (Hagenaars and Praag 1985). Although income is an important measurement of poverty, it is not effective to capture the poverty (Chatterjee *et al.* 2014). Poverty eradication is one of the main issues that needs to be addressed by any development policy may be through micro-credit or training programs as part of Policy reforms in order to reduce poverty and income inequality. Average size of operational holdings as per different Agricultural Census of India is decreasing steadily over the years; it has come to 1.16 ha in the year 2010-11 from 2.8 ha of 1970-71. The farming situation gets precarious with steadily increasing population with an alarming unemployment rate. Promotion of entrepreneurship development has become an essential feature in the national development plans of most countries, and those that have adopted this strategy earlier than others are now reaping

some success. Malaysia is an example of how an effective entrepreneurship development strategy can translate into employment generation, poverty alleviation, and reductions in disparities in opportunities and the quality of life of urban and rural people. A clear indication of that success is the low unemployment rates of barely 3 per cent over the last decade and overall reduction in poverty from 7.5 per cent in 1999 to 5 per cent in 2005 and 0.4 per cent in 2017. This is a notable achievement when considering that in 1970, 52 per cent of the population was living below the poverty line. The success finds its footage in the holistic approach and rural development strategies of the Malaysian government where importance was placed on the development of entrepreneurs, particularly in rural areas. By creating basic facilities, utilities and services, the Government can create a facilitative set up to establish enterprises by the entrepreneurs. Development of industrial estates, export promotion zones, special economic zones, etc. aims at, among other things, to create a facilitative environment for establishing enterprises in these areas. Similarly, the policy initiatives can also encourage prospective entrepreneurs to establish enterprises by providing them various incentives and concessions to offset

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the initial costs involved in establishing enterprises. For the first time in India, a separate industrial policy titled 'Policy Measures for Promoting and Strengthening Small, Tiny, and Village Enterprises 1991 to develop small enterprises in the country was launched. To mitigate the precarious situation of unemployment and low income levels, entrepreneurship has emerged as the central force of economic growth and development. Farming must move towards agribusiness management and development of entrepreneurial competencies among farmers is essential. Entrepreneurial opportunities and special government provisions are helping agri-enterprises to be developed.

Delineation of factors of success of an agri-enterprise will enable to replicate such examples in other areas as well. Documentation of the successful farmers' experiences may be used as lessons learnt for other farmers. Best practices followed by achievers need to be highlighted so as to make relevant policy changes. Farmers may be trained to be entrepreneurial to manage agriculture not as a way of life but as an enterprise and trained cadre of youth having capabilities for agri entrepreneurial endeavours. Awareness, motivation, technical skill, right assistance and support from family at extension level and government and other organizational help to the entrepreneurs at policy level can strengthen capacities besides adding to the family income and national productivity (Nain *et al.*, 2013). Extension agents can be trained to contact and organise women's group and conduct extension activities based on the understanding of gender issues (Nain and Kumar 2010). Individual's motivation, aspirations and entrepreneurial competencies trigger agripreneurship development whereas adoption of best practices, dodging of inhibitive factors and facilitative socio economic factors play sequential role in reaching agripreneurial success (Singh *et al.*, 2014; Nain *et al.*, 2015; Singh *et al.*, 2016).

### **THEORETICAL FOUNDATION**

Integrated entrepreneurship development model and plan evolved as a result of SIET's experience realized that entrepreneurship development is a multi-disciplinary task, and should include at least five main components, namely: Local organization to initiate and support potential entrepreneurs till the break-even stage, inter-disciplinary approach, strong information support, training as an important intervention for entrepreneurial development, monitoring and evaluation, and institutional financing. The concept of entrepreneurship is decorated by various factors like 'innovation' 'organization building ability', gap-

filling function, input completing etc. The persons with these traits are recognized to initiate and sustain the process of entrepreneurship. (Mahmud, 1974). Hayton *et al.* (2002), conceptualized link between culture and entrepreneurship as the impact of national culture on aggregate measures of entrepreneurship such as national innovative output or new businesses creation, the association between national culture and the characteristics of individual entrepreneurs and the impact of national culture on corporate entrepreneurship. Accordingly, cultural differences across societies can be reduced to four quantifiable dimensions: uncertainty avoidance (preference for certainty and discomfort with unstructured or ambiguous situations), individualism (preference for acting in the interest of one's self and immediate family, as distinct from the dimension of collectivism), masculinity (belief in materialism and decisiveness rather than service and intuition) and power distance (acceptance of inequality in position and authority between people). Using Hofstede's (1984) concept of culture, researchers have in general hypothesized that entrepreneurship is facilitated by cultures that are high in individualism, low in uncertainty avoidance, low in power-distance and high in masculinity (Hayton *et al.*, 2002).

The educational incubation theory proposes that through creation of awareness and new orientation and knowledge entrepreneurial emergence is promoted and it is for this reason that educational development has attracted increase emphasis in many societies (Kuratko and Lafollette, 1986), (Kuratko, 1996) and (Block and Stumpf, 1992). Max Weber explained that society plays a big role in developing entrepreneurs through a set of values from which personal values and thinking pattern of people are based, and these in turn influence the decision by individuals positively or negatively towards entrepreneurship. This is because the individual draws his values from the social values, mores and institutional framework within which he lives (Van de Ven, 1993). Culture has great impact on the attitude and behaviour of individuals and their disposition to life and ultimately, whether or not an individual would develop and become entrepreneur. Religious characteristics like; hard work, thrift and an ascetic life of self-denial are all prescription for entrepreneurship. The general opinion is that emergence of entrepreneurs is a function of a number of motivational factors or conditions.

Human, social and cultural capital are often antecedents to acquiring financial capital and other resources needed to start a business, an institutional approach with its broad

meta-theory holds out the promise of developing entrepreneurship. As per institutional foundation of the entrepreneurship concept, both formal and informal institutions can legitimize and delegitimize business activity as a socially valued or attractive activity - and promote and constrain the entrepreneurial spirit (Aidis *et al.*, 2008; Veciana and Urbano, 2008; Welter, 2005). Depending on the level of resource support, entrepreneurial policies can be classified as being hard or soft (Storey, 2005). Hard policies usually provide assistance in the form of finance (loans and grants) while soft measures include counselling activities to entrepreneurs before business start-up, counselling at the start-up phase, facilitating financial assistance, enhancing technology and access to technology and improving access to physical infrastructure, or advice after the start.

## **MATERIALS AND METHODS**

This paper is based on targeted interviews with the key informants from cross-section of people and experts. Focus Group Discussion (FGD) method has been applied to collect information on different entrepreneurs' situation. In addition, case study method is used to collect in-depth information on this issue. The emphasis has been given on qualitative analysis but some quantitative data has been used to supplement the qualitative analysis. Both qualitative and quantitative research approaches and procedures have been applied to explore pertinent information for this study.

Case development using personal interviews; collecting data for delineation of ; success factors for Agrienterprise development, facilitating linkages, marketing and supply chain study and communication pattern of the successful entrepreneurs in specialization of diversified Farming, fruit and vegetable cultivation, post-harvest processing and marketing, commercial seed production, dairying , poultry production, spice export, mushroom production and processing, specialty agriculture, processing and value addition in farm produce and new niches like vermicomposting were studied. The selection of entrepreneurs for the study was conducted on the basis of available records of recognition of farm entrepreneurs from different organisation. The 52 cases covered the 12 states namely; Andhra Pradesh, Assam, Delhi, Madhya Pradesh, Gujarat, Haryana, Himachal Pradesh, J&K, Rajasthan, Uttar Pradesh, West Bengal, and Uttrakhand. The data on entrepreneurial competencies and psychological parameters were collected on standard scales

and analyzed with simple tools like frequency, weighted score and their mean etc.

## **RESULTS AND DISCUSSION**

The case analyses revealed the best practices followed by these achiever farmers as: Crop Diversification, cultivation of high yielding varieties, quality seed production, development of innovative technology / farming methods, effective linkages with other agencies, having good marketing channels and frequent interaction with researchers on their own initiative.

The most important facilitative factor was found to be acquisition of adequate knowledge by farmers followed by their ability to assess opportunity to capitalize on and farmers' own innovativeness. The third rank was attributed to farmers' self-involvement in day-to-day enterprise activities and their passion to do things in an excellent manner. Urge for excellence has earlier been reported to be one of the critical component for entrepreneurship development. Case analyses revealed the most important inhibitive factor in success of agri-enterprises was found to be the lack of entrepreneurial competencies among farmers followed by getting critical technical guidance at the opportune time. The third rank was attributed to timely availability of inputs and market information and lack of avenues. Other factors, which were found to be inhibitive were - high cost of inputs, fluctuating demand, climate fluctuation and pest- disease attack, lack of infrastructure, technical specifications and food quality standards.

The study revealed that it is possible to build entrepreneurial competencies of farmers and farm women through appropriate training interventions, mentoring and linking them with other agencies. The process of agripreneurship development was found to be a dynamic interplay of self-sphere of the individual and environmental sphere resulting in the profit making venture marked by higher profits, yields, innovative behaviour and brand establishment. It was found that possessing entrepreneurial competencies like opportunity recognition, innovativeness, quality concern & need for achievement in tandem with adequate technical knowledge gear up an entrepreneur to take advantage of available resources into a profitable venture. Inhibitive factors were identified and it was found that, who bogged down by inhibitive factors present in environment, experienced failure whereas the others who capitalized the promotional factors available

in environment and dodged the inhibitive factors accomplished their targets and achieved success. The nature of support given to potential and established entrepreneurs which acted as facilitators were : financial support in terms of loans, subsidy, sales tax waiver or special rates of interest on loans for women entrepreneurs, motivational support in terms of awareness generation programmes and entrepreneurial motivation programmes, special process and product EDPs for skill enhancement, special marketing avenues, infrastructural support in terms of priority industrial sheds and providing import licenses on priority, mentorship and handholding and recognition / awards giving a positive boost to their efforts.

Among the inhibitors in the process of entrepreneurship development; lack of critical technical guidance and infrastructure emerged as the problem number one faced by the largest number of respondents (more than 75%). Even with so many schemes launched by the government to promote entrepreneurship, entrepreneurs felt lack of guidance as well as infrastructure as major problems which inhibited their journey towards entrepreneurship and further growth after establishing their units. Gupta *et al.* (2013) also reported lack of technical guidance as major constraint for dairy and poultry entrepreneurs. The other most frequent inhibitive factor was the lack skilled labour in the market to support the enterprise. The poor family support or even resistance from the family members and surroundings sometimes inhibited taking up entrepreneurship as a career. The next in the order listed by more than half respondents was that of marketing constraints. Proper market exposure, demand analysis and linkages on the part of respondents were lacking and the fluctuations in the market and lack of mobility for marketing impeded their growth as an entrepreneur. Other problems listed were lack of awareness, nonpayment by clients and non availability of guarantors. But if we segregate sample into low profit earners and high profit earners, though the first problem was that of lack of technical guidance and infrastructural constraints, marketing concerns emerged as the second most important problem for high profit earning entrepreneurs and skilled labour ranked third of the problems they verbalized. Low profit earners listed lacking resources, lacking labour and lacking awareness as the more important problems than marketing constraints, mobility constraints and guarantor non-availability. For high profit earners problem related with lack of awareness was at lower level. Thus it could be concluded that awareness has contributed towards efficacy of the entrepreneur and has earned more profits (Table 1).

**Table 1: Best Practices and facilitative & inhibiting factors for agri enterprise development**

Factors	Weighted mean score/Rank
<b>Facilitative factors</b>	
Farming Background	4.8
Innovativeness	4.7
Expert interaction	4.6
Marketing linkages	4.4
Entrepreneurial competencies	4.2
Nearness to market	3.9
Brand establishment	3.8
Niche market	3.5
Growing high value crops	3.5
<b>Inhibitive factors</b>	
Lack of critical technical guidance	4.83
Lack of infrastructure	4.62
Non availability of skilled labour	4.31
Fluctuating market demand	3.90
Lack of resources	3.54
Lack of awareness	3.30
Nonpayment by clients	3.10
Non availability of guarantors	3.05
<b>Best Practices</b>	
Recognizing opportunities in the surrounding	II
Diversified cropping	I
Innovative varieties developed and intercultural operations	III
Strive for excellence	IV
Concern for maintaining quality of products	VI
Use of latest recommended technology	II
Developing effective marketing linkages	IV
Maintenance of standards as per marketing requirements	V
Plantation timing to meet the market demand	III
Capitalizing on previous experience and one's own strengths	V
Ability to calculate profits and keeping track of leakages	VII
Networking with all stakeholders	IV

Although most rural populace are already engaged in informal agriculture in some way, they may not see it as an attractive or viable career option in view of the obstacles encountered. Nonetheless, increasing meaningful employment opportunities along the agricultural value chain

can give rural youth the chance to engage in productive work and overcome these challenges. As a young entrants into the agricultural sector often require a mix of both technical and soft skills. The unique needs of rural youth can be addressed through a holistic approach that places high-quality small business and life skills training alongside relevant technical training. Life skills development plays a particularly important role to help youth hone competencies such as self-confidence, creative thinking, risk taking, and decision making, along with skills, such as project and money management, that let them re-think entrepreneurship and agriculture as viable, personally meaningful, income-generating options. Many would be rural entrepreneurs, come from agricultural families, but lack the advanced technical knowledge needed to get ahead either by cultivating new products or adding value to traditional raw products. Appropriate programs can play a role in training young people across the value chain for agricultural-related jobs and to better understand the opportunities available to young people. Identifying and creating synergies between agriculture and other sectors may help youth to engage and participate more proactively to have the ripple effect of creating more income generation ventures.

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