

## Research Note

# Focusing the Relationship of Net Profit with the Determinant Attributes of Rural Entrepreneurs

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## ABSTRACT

With new strategies for agricultural growth and development, there is a need to explore the areas of rural entrepreneurship development on agriculture and allied sectors. The profit-making ability can be delineated with the help of the net profit of the enterprise. Keeping the background in mind, an attempt was made to study the net profit from the rural enterprises and its relationship with the predictor factors associated with the rural entrepreneurs. The study was purposively conducted in Darjeeling districts of West Bengal due to the availability of varied rural entrepreneurs. The purposive, multistage and random sampling procedures were followed to select 220 respondents. The data were collected with the help of semi-structured interview schedule through personal interview method. The results show that the rural entrepreneurs were having with low annual net profit of around 0.8 lakh. The correlation analysis delineated that age, annual income, land holding, family occupation, material possession, house type, management orientation, risk orientation, social participation, cosmopolitanism, training exposure and mass media exposure were positively and significantly associated with the net profit from the enterprise. The regression analysis indicated that age, annual income, land holding, adoption leadership, cosmopolitanism and training exposure were positively and significantly contributing towards characterizing the net profit from the enterprise. Family educational status, house type and risk orientation were also contributing significantly and negatively in case of characterizing net profit from the selected enterprises.

**Keywords:** Entrepreneur, Family education status, Net income, Risk orientation

## INTRODUCTION

The shrinking local resources within the rural ecosystem compel the rural people to explore the opportunities and avenues embedded with the existing rural resources for sustaining their livelihood status. In search of that the different secondary rural enterprise formation is in limelight. Entrepreneurship is the ability to develop new ideas and innovative and achieve success with them. The term entrepreneurship implies a dynamic course of generating progressive asset

(Shailesh *et al.*, 2013). It is a process whereby individual's motivations and aspirations trigger and their entrepreneurial competencies, adoption of best practices and facilitative socioeconomic factors play sequential role in reaching agnpreneurial success (Singh *et al.*, 2016). Medium level of risk taking, achievement motivation, decision taking ability, communication skill, adoption propensity and self confidence led to entrepreneurship (Gupta *et al.*, 2013). Entrepreneurship in agriculture can also be defined as the formation of novel economic organization for the intention of growth under risk and

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uncertainty in agriculture (Dollinger, 2003). Innovation, ability to accept change and risk and the organization of resources are some of the factors involved in creating a sustainable enterprise. Evidences indicate that for farmers to be successful as agripreneurs, they need to possess, most, if not all of these characteristics or qualities. Entrepreneurship is a feasible approach for upward mobility, as a 1 per cent increase in entrepreneurial activities decreases the poverty rate by 2 per cent (Singh, 2014). Among the many characteristics of entrepreneurship development, profit making ability of the enterprise also plays a vital role in its sustainability and well developed linkages among stakeholders leads to profit making (Singh *et al.*, 2014). Therefore, an in-depth study was conducted among the agripreneurs of Darjeeling district to explore the net profit and its relationship with the socio-psychological, socio-personal and communication related determinants embedded with the enterprise and entrepreneurs.

### METHODOLOGY

The study was purposively conducted in Darjeeling district of West Bengal due to availability of varied rural entrepreneurs in this region. The purposive, multistage and random sampling procedures were followed to select 220 respondents. The data were collected with the help of semi-structured interview schedule through personal interview method. Annual net profit has been categorized and scored as ₹ ≤ 0.2 lakhs (1), ₹ 0.20001-0.4 lakhs (2), ₹ 0.40001-0.6 lakhs (3), ₹ 0.60001-0.8 lakhs (4), ₹ 0.80001-1 lakhs (5), ₹ 1.00001-1.2 lakhs (6), ₹ 1.20001-1.4 lakhs (7), ₹ 1.40001-1.6 lakhs (8), ₹ 1.60001-1.8 lakhs (9), ₹ 1.80001-2 lakhs (10), ₹ >2 lakhs (11) respectively. The data thus generated were analyzed with suitable statistical tools like percentage, mean, standard deviation, correlation and regression using SPSS 20.

### RESULTS AND DISCUSSION

The study shows that majority (66.36%) of the respondents were under low annual net profit group (1-4) followed by medium (26.82%) net profit group (5-8) and high (6.82%) net profit group (9-12) respectively. The previous study under different agri-entrepreneurship had medium level of economic motivation (Chauhan and Patel, 2003; Makwana *et al.*, 2011; Pradhan *et al.*, 2015). The mean score of total distribution was 4.16 and standard deviation of the distribution was 2.31 (Table 1) which shows that the rural entrepreneur had an annual net profit of around 0.8 lakhs. The coefficient of variation value within the distribution 55.52 per cent signifies the low consistency level of the distribution for the variable net profit.

The study further shows that age, annual income, land holding, family occupation, material possession, house type, management orientation, risk orientation, social participation, cosmopolitaness, training exposure and mass media exposure are positively and significantly associated with the net profit of rural entrepreneur (Table 2). Pradhan *et al.* (2015) reported that annual income, land holding, material possession, house type, management orientation, risk orientation and social participation of the entrepreneur were positively and significantly correlated with net income of the enterprises in West Bengal.

Table 3 depicts that age, annual income, land holding, adoption leadership, cosmopolitaness and training exposure were positively and significantly contributing towards characterizing the net profit from the enterprise. Kobba *et al.* (2020) concluded that the entrepreneurship climate and enabling environment need to be created that will ignite the spirit of entrepreneurship among young entrepreneurs. Pradhan *et al.* (2015) reported that annual income was positively and family

**Table 1: Descriptive distribution of the respondents according to their Net profit**

Net Profit	Score	Frequency	Percentage	Statistics
Low (≤0.8 lakhs)	1-4	146	66.36	Range 1-11; Mean = 4.16
Medium (0.80001-1.6 lakhs)	5-8	59	26.82	SD= 2.31; CV = 55.52 %
High (≥1.60001 lakhs)	9-12	15	6.82	

**Table 2: Coefficient of correlation of Net profit (Y<sub>1</sub>) with sixteen independent variables**

Variables	Coefficient of correlation (r)
Age (X <sub>1</sub> )	0.212**
Education (X <sub>2</sub> )	-0.040
Family Size (X <sub>3</sub> )	0.067
Family educational status (X <sub>4</sub> )	0.003
Annual income (X <sub>5</sub> )	0.699**
Land holding (X <sub>6</sub> )	0.649**
Family occupation (X <sub>7</sub> )	0.224**
Material possession (X <sub>8</sub> )	0.616**
House type (X <sub>9</sub> )	0.463**
Adoption leadership (X <sub>10</sub> )	0.096
Management orientation (X <sub>11</sub> )	0.326**
Risk orientation (X <sub>12</sub> )	0.188**
Social participation (X <sub>13</sub> )	0.434**
Cosmopolitaness (X <sub>14</sub> )	0.606**
Training exposure (X <sub>15</sub> )	0.477**
Mass media exposure (X <sub>16</sub> )	0.385**

\*\* Significant at 1% level significance

size was negatively contributing to the net income of the enterprises in West Bengal. Family educational status, house type and risk orientation were contributing significantly and negatively in case of characterizing the predicted net profit. The plausible reason for the negative and significant conglomeration of family educational status in characterizing the net profit from the enterprise might be that the family members of the highly educated family were migrating from their native place in search of job. Further, highly educated family members were losing interest in labour oriented small-scale enterprises which purely depend on locally available resources. House type also contributes negatively and significantly in case of characterizing the net profit from the enterprise. The reason might be that the rural entrepreneurs of hill regions were not very much concern about their types of house which were mostly wooden in nature due to the natural calamities in the region. Further, risk orientation is negatively and significantly contributing the net profit of the enterprise. The reasons might be that the rural entrepreneur who were most traditional in nature were sceptical in higher investment

**Table 3: Multiple regression analysis of Net profit with independent variables**

Variables	Standardized regression coefficient (β)	Regression coefficient (b)	S.E. of 'b'	t- value
Age (X <sub>1</sub> )	0.122	0.020	0.008	2.592**
Education (X <sub>2</sub> )	-0.072	-0.133	0.090	-1.480
Family Size (X <sub>3</sub> )	-0.028	-0.153	0.202	-0.754
Family educational status (X <sub>4</sub> )	-0.093	-0.249	0.115	-2.175*
Annual income (X <sub>5</sub> )	0.488	0.009	0.001	7.559**
Land holding (X <sub>6</sub> )	0.316	0.603	0.097	6.203**
Family occupation (X <sub>7</sub> )	0.056	0.261	0.194	1.347
Material possession (X <sub>8</sub> )	0.121	0.057	0.036	1.586
House type (X <sub>9</sub> )	-0.281	-0.810	0.193	-4.197**
Adoption leadership (X <sub>10</sub> )	0.078	0.110	0.055	2.014*
Management orientation (X <sub>11</sub> )	0.058	0.015	0.015	1.046
Risk orientation (X <sub>12</sub> )	-0.112	-0.086	0.034	-2.553**
Social participation (X <sub>13</sub> )	-0.002	0.007	0.194	0.038
Cosmopolitaness (X <sub>14</sub> )	0.238	0.157	0.053	2.955**
Training exposure (X <sub>15</sub> )	0.165	0.176	0.061	2.890**
Mass media exposure (X <sub>16</sub> )	-0.067	-0.038	0.041	-0.931

R<sup>2</sup> = 0.733; Adjusted R<sup>2</sup> = 0.712; \*\* & \* Significant at 1% and 5% level of significance

due to their poor managerial and marketing opportunities in the region. Moreover, they believed that low risk taking will lead to lesser chances of getting loss from the enterprises.

### CONCLUSION

In accordance with the development of rural enterprise the proficient entrepreneur development and management is in need. The critical analysis of agripreneurs in Darjeeling district clearly indicates that if the right environment is created and farmers are provided adequate infrastructure support, agricultural production to ensure food security can be increased and many farmers can enhance their income and quality of life through adoption of new technologies and improved farm practices. Family educational status, house type and risk orientation are not necessarily major constraints for the promotion of agripreneurship. Even less educated small farmers of old age can also become an agri-entrepreneur provided they are clearly informed about the right type of technologies and knowledge about their use.

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