

Entrepreneurial competencies drive successful entrepreneurship in rural areas: Experiences of ARYA

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ABSTRACT

The study was conducted during the year 2021 with 25 KVKs implementing first phase ARYA programme since 2016-17. The paper is based on data elicited from 2538 respondents under four categories viz., functional, discontinued, not-started and control. The data was collected using a pre-tested questionnaire adapted to Google Form for personal interview purpose. The Basic Scale of Entrepreneurial Competencies (BSEC) consisting of 14 statements on three dimensions of entrepreneurship was used. Kruskal-Wallis test was used to analyze and interpret the data. There were significant differences in the entrepreneurial competencies of functional entrepreneurs compared to those of the discontinued, not-started and control category respondents. Individuals with higher entrepreneurial competencies have performed better across the enterprises which are crucial to attract and retain rural youth in agri-entrepreneurship. Therefore, it is crucial to take entrepreneurial competencies into account while identifying the potential entrepreneurs as it holds the key for greater success of ARYA.

Key Words: Entrepreneurial competency, marketing, economic, socio-business, agri enterprise

INTRODUCTION

India's youth population is considered as a demographic advantage, but survey indicates the youth participation and preferences in agriculture are declining (NSO, 2021). Entrepreneurship education is considered as a feasible mechanism to reengage rural youth in agriculture (Seth and Grady, 2016). Agricultural entrepreneurship is the key to link on-farm and off-farm activities, for generating non-farm employment and incomes (Dalwai, 2018). Channelizing the youth workforce of the country into agriculture sector require strong strategies for attracting and retaining youth in agro-based rural enterprises. Entrepreneurship has been recognized as a critical driver of economic growth, job creation, and overall social development. Therefore, India has started entrepreneurship promotion rigorously, through the "Self-reliant India" drive and launched several programmes and schemes to mobilize youth to contribute to nation-building and at the same time develop themselves. The Committee constituted by the Indian Council of Agricultural Research (ICAR) recommended promotion of agri entrepreneurship as a means to attract and retain youth in agriculture.

Accordingly, the flagship programme of Attracting and Retaining Youth in Agriculture (ARYA), was envisioned for technology-centric and opportunities-driven entrepreneurship promotion. The programme is being implemented through Krishi Vigyan Kendras (KVKs) to support the existing rural enterprises as well as the potential entrepreneurs through capacity development and technological hand-holding.

Small-scale entrepreneurship promoted under the ARYA project has had a reasonable degree of success (Singh, *et al.*, 2019; Chandre Gowda, *et al.*, 2023). The agri entrepreneurship is in a nascent stage, which is influenced not only by technical factors, but also by whole lot of social and personal dimensions. Business performance is determined by entrepreneurial competencies of the entrepreneurs (Man, *et al.*, 2012; Jamie and Oliver, 2020), more so through their ability to harness the opportunities (Khan, 2021). During COVID, economic performance was mainly determined by the entrepreneurial competencies (Kisubi, *et al.*, 2022). Entrepreneurial competencies are considered as strong predictors of business performance (Quezon

and Vergara, 2022) as the discontinued entrepreneurs' lack of competencies were among the reasons for business discontinuation (Stokes, 2002; Pinkovetskaia, *et al.*, 2020). Many trained individuals and groups could not start the income generating activity due to several factors. Hence a study was formulated to analyse and understand the influence of entrepreneurial competencies on the establishment and successful management of an agri-enterprise.

METHODOLOGY

The paper is based on data elicited from 2538 respondents under four categories viz., functional, discontinued, not-started and control (684+349+433+1072), from 25 KVKs implementing first phase ARYA programme since 2016-17. The entrepreneurial units, which were operational for a minimum of one year and were functioning when the study was conducted during 2021, were considered "functional" units. Those that had functioned for at least one year during 2017-2020, but closed at the time of sampling were considered "discontinued" units. Those individuals who got trained but could not start the enterprise were considered as "not-started" respondents and those who were not involved in ARYA activities in the same villages where ARYA functional units existed were randomly considered for sampling under 'control' category. The project team involved in the ARYA project's implementation enumerated the data during the period 2021-2022 while personally visiting each entrepreneurial unit, using the Google Forms designed by the project team.

The entrepreneurs' operations and marketing (OM), socio-business and legal organization (SBLO), and economic and financial (EF) competencies were assessed using Basic Scale of Entrepreneurial Competencies (BSEC) developed by Cardenas-Gutierrez *et al.*, (2021) with minor modifications. An overall entrepreneurial-competencies index (ECI) was computed as the percentage of the sum of the actual score under the three components divided by the total possible entrepreneurial-competency score (14).

$$ECI = \sum_{t=1}^n \frac{[(OM) + (SBLO) + (EF)]}{14} \times 100$$

Kruskal-Wallis test was carried out to assess the differences in the entrepreneurial competencies among the four categories of respondents.

RESULTS AND DISCUSSION

The statement wise differences under three sub-components of entrepreneurial competencies is presented in Table 1.

Within the Organization and Marketing competencies, among different categories of respondents, functional entrepreneurs had better competencies in ability to sell products, to set prices, to plan and organize, to analyse characteristics of products/ services and to design new products. The discontinued entrepreneurs had very low ability to 'design new products' as only 15.2 per cent could perform this task as against 40.5 per cent of the functional, 24.8 per cent control and 21.7 per cent not-started category of respondents.

In case of Socio-business and Legal Organization competencies, functional entrepreneurs had highest ability to analyse customers' preferences (85.8%) followed by discontinued (59.9), Not-started (46.0%) and control (42.3%) category of respondents, respectively. Ability to set up the enterprise was higher for functional (71.9%) entrepreneurs followed by discontinued (48.7%), control (33.7%) and not-started (25.9%) categories, respectively. Less than one-fourth of the discontinued (22.1%) and not-started (15.2%) category of respondents was able to design organogram.

With respect to economic and financial competencies, less than half of the functional (36.3), discontinued (30.7%), not-started (34.2%) and control (26.8%) categories of respondents were able to explain accounting book and only 21.8 per cent, 17.2 per cent, 19.0 per cent and 21.4 per cent of them were able to do results account, respectively.

Business performance was determined by entrepreneurial competencies of the entrepreneurs, as they could harness the opportunities better than those who lacked the necessary competencies. Considering the constraints under which the rural enterprises operated particularly during COVID related restrictions, entrepreneurial competencies

were key for the economic performance. Entrepreneurial competencies have emerged as strong predictors of business performance even in small scale enterprises. In particular, the functional entrepreneurs were able to 'organize people' as per the requirements and were able to 'choose a

management model' suitable to their enterprise. Economic and financial competencies were generally low in all the categories as many were unable to do 'results account' and 'explain accounting book'.

Table 1
Statement wise differences in Entrepreneurial Competencies (EC)

| Entrepreneurial Competencies | Functional (n=684) | Discontinued (n=349) | Not-started (n=433) | Control (n=1072) |
|-----------------------------------------------------------|--------------------|----------------------|---------------------|------------------|
| Organization and Marketing competencies | | | | |
| Able to sell products | 617(90.2) | 237(67.9) | 16 (39.03) | 573(53.5) |
| Able to set prices | 506(74.0) | 177(50.7) | 148(34.2) | 420(39.2) |
| Able to plan and organize | 468(68.4) | 130(37.2) | 122(28.2) | 321(29.9) |
| Able to analyse characteristics of products/ services | 459(67.1) | 137(39.3) | 115(26.6) | 274(25.6) |
| Able to design new products | 277(40.5) | 53(15.2) | 34(21.7) | 266(24.8) |
| Able to brand advertising | 245(35.8) | 87(24.9) | 176(40.7) | 345(32.2) |
| Socio-Business and Legal Organization competencies | | | | |
| Able to analyse customers preferences | 587(85.8) | 209(59.9) | 199(46.0) | 453(42.3) |
| Able to organize people | 511(74.7) | 145(41.5) | 150(34.6) | 371(34.6) |
| Able to set up the Enterprise | 492(71.9) | 170(48.7) | 112(25.9) | 361(33.7) |
| Able to choose management model | 387(56.6) | 89(25.5) | 103(23.8) | 277(25.8) |
| Able to design the organogram | 226(33.0) | 77(22.1) | 66(15.2) | 266(24.8) |
| Economic and Financial competencies | | | | |
| Able to calculate costs, revenues | 508(74.3) | 210(60.2) | 211(48.7) | 545(50.8) |
| Able to explain accounting book | 248(36.3) | 107(30.7) | 148(34.2) | 287(26.8) |
| Able to do a results account | 149(21.8) | 60(17.2) | 82(19.0) | 229(21.4) |

Note: Values within parenthesis indicate percentage

There were significant differences between the functional entrepreneurs' entrepreneurial competencies and those of the discontinued, not-started and control category respondents (Table 2). The functional unit entrepreneurs had significantly higher levels of operational and marketing (OM) competencies (score of 3.76 out of a possible score of 6, compared to 2.35, 2.05 and 1.90 among discontinued, control and not-started entrepreneurs). Not-started entrepreneurs had least socio-business and legal organization (SBLO) competencies (1.45 out of 5) compared to other three

categories of the respondents. Economic and financial competencies were generally low for all the groups. The functional (8.30) group exhibited better overall entrepreneurial competency compared to other groups.

Strong relationship between performance of small enterprises and entrepreneurial competencies suggest that entrepreneurship education should be part of the formal education programmes in schools and universities (Chandre Gowda, *et al.*, 2024).

Table 2
Kruskal Wallis test to assess the differences in entrepreneurial competencies among the four categories of respondents

| Variables | Functional | Discontinued | Not started | Control | P value |
|------------------------------------|------------|--------------|-------------|---------|----------|
| Operational marketing competency | 3.76 | 2.35 | 1.90 | 2.05 | <0.001** |
| Socio business competency | 3.22 | 1.98 | 1.45 | 1.61 | <0.001** |
| Financial competency | 1.32 | 1.08 | 1.02 | 0.99 | <0.001** |
| Overall Entrepreneurial Competency | 8.30 | 5.41 | 4.38 | 4.65 | <0.001** |

*Note: ** indicates significance at one per cent level*

The overall entrepreneurial competency index for different categories of respondents is given in Table 3. The functional respondents (59.32) had

highest ECI followed by discontinued (38.64), control (33.24) and not-started (31.26) category of respondents, respectively.

Table 3
Entrepreneurial competency Index (ECI)

| Sl. No. | Respondent Category | Entrepreneurial Competency Index |
|---------|---------------------|----------------------------------|
| 1 | Functional | 59.32 |
| 2 | Discontinued | 38.64 |
| 3 | Not-Started | 31.26 |
| 4 | Control | 33.24 |

CONCLUSION

Planned capacity development both on technological aspects as well on entrepreneurial competencies by KVKs were crucial in establishing and sustaining the enterprises. Individuals with higher entrepreneurial competencies have performed better across the enterprises, which is crucial to attract and retain rural youth in agri entrepreneurship. Therefore, it is of paramount importance to identify the gaps in competencies and empower through well-planned educational activities. Further, identifying the potential

entrepreneurs on the basis of their entrepreneurial competencies hold the key for greater success of ARYA.

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