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## **Rural entrepreneurship for sustainable economic development in Chandel District, Manipur, India – an exploration**

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### **ABSTRACT**

Entrepreneurship in the rural context has got ample opportunities for capital formation, sustainable development and economic growth. In rural India, the intervention of enterprise development institutions was less, due to lack of the awareness to the beneficiaries and the technical dearth of these institutions. The Government of India has initiated various programs through many institutions under government and non-government sectors since decades. These programs ensured sufficient training and development programs on entrepreneurship development on one hand, but, the other has to adopt the effective and efficient entrepreneurial traits for entrepreneurship development. This article is a humble effort to understand the various entrepreneurial traits through a review of literature. It also focuses to draw the various entrepreneurial traits among rural entrepreneurs in the study area. The statistical population was 215 enterprises out of which 43 enterprises were selected as the sample through stratified random sampling method. Beside descriptive statistics, the study has adopted Cronbach's Alpha test, factor analysis and Kaiser-Meyer-Olkin (KMO) as well as Bartlett's Test through MS-Excel and SPSS Software for analyses. The paper found that the entrepreneurs in rural Chandel district wanted to enjoy more financial freedom, supports from family members, needed for achievement. Moreover, they also showed a more inner sense of responsibilities which thereby arouse passion for business. The findings of the research activity could help the policy planners to enhance the economics of rural entrepreneurs in Chandel district of Manipur, India.

**Keywords:** Chandel District; entrepreneurial traits; questionnaire; rural entrepreneurs.

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## 1. INTRODUCTION

In this dynamic business world, entrepreneurship has inferred special significance, as it is a key driver to economic development. It creates economic growth in their communities by forming new firms and adds great value to local economies. This concept was widely evident in the number of communities that have initiated entrepreneurial development strategies over the past two decades. To be sure, less than half of all new firms survive the first few years of operation, and far fewer become high-growth businesses (Malecki, 1988). Still, entrepreneurs are now recognized as vital sources of economic growth to local communities, and that has spawned the new entrepreneurship programmes (Leicht & Jenkins, 1994). Entrepreneurs created new jobs, increased local incomes and wealth and connected the community to the larger, global economy. However, these benefits varied substantially across different types of entrepreneurs. Some entrepreneurs started firms to help them to capture a certain quality of life. Other entrepreneurs started firms that would become high-growth businesses. While many new firms failed, those that succeeded often added jobs, lifted incomes and generated new wealth in a community (Henderson, 2002).

Rural Entrepreneurship conjured different meaning to different people. It can be defined as entrepreneurship in rural areas. In other words, rural entrepreneurship implied a rural industrialization. Rural enterprises mean any enterprise located in rural areas, population of which does not exceed 10,000 or such other figure which produces goods or render any services with or without use of power and in which fixed capital investment per head of the workers does not exceed a thousand rupees (Soundarapandian, 1999). The rural entrepreneurship for developing rural enterprise was inspired with the justification like labour intensive spirit, employment opportunities, balanced regional development, promoting art and creativity etc. (Matthani, 1978). However, a number of constraints featured in developing entrepreneurship in rural areas such as inadequate flow of credits, use of obsolete technology, poor quality standard, infrastructural hazard etc. Rural entrepreneurship was essential

for introducing appropriate strategies in developing entrepreneurship in rural areas (Mandal, 2011).

Till 8<sup>th</sup> December 2016 there was nine districts in Manipur namely Bishnupur, Chandel, Churachandpur, Imphal-East, Imphal-West, Senapati, Tamenglong, Thoubal, and Ukhrul. On 9<sup>th</sup> December 2017, the state government created seven more new districts namely Kangpokpi, Tengnoupal, Pherzawl, Noney, Kamjong, Jiribam, Kakching which thereby brings up to a total of sixteen districts. The Chandel district came into existence on May 13, 1974. The District lies in the south-eastern part of Manipur at 24°40' N Latitude and 93° 50' E Longitude. It is the border district of the state with an area of 3,313 sq. km. Its neighbours are Myanmar (erstwhile Burma) on the south and on the east, Churachandpur district on the south and west, and Kakching district on the north. It is about 64 km. away from Imphal. The National Highway No. 39 passes through this district ([www.chandel.nic.in](http://www.chandel.nic.in)).

The district is inhabited by several communities. It is sparsely inhabited by about 20 different tribes. They are scattered all over the district. Prominent tribes in the district are Anal, Lamkang, Kuki, Moyon, Monsang, Chothe, Thadou, Paite, Maring, Zou, etc. There are also other communities like Meiteis and Muslims (Meitei Pangal) in small numbers as compared to the tribes.

Meridith *et al.* (1983) opined that entrepreneurs were self-confident, task-result oriented, risk-taker, having leadership qualities and future oriented. Confidence, independence and individuality, optimism, need for achievement, profit oriented, persistence and perseverance, determination and hard work, drive and energy, initiative, risk-taking ability and likes challenges, leadership behavior, responsive to suggestions and criticisms, innovative and creative, flexible, resourceful, versatile, knowledgeable, foresight, perceptive are the traits of entrepreneurs. McClelland (1985) pointed out that entrepreneurial success depended on the characteristics of personal profile and motivational factors of the entrepreneurs that led to superior performance of the entrepreneur. The characteristics of successful entrepreneurs have been well documented in the

literature of entrepreneurship. While there was no agreement amongst the scholars as to the number and labels of these characteristics, in general, the characteristics included the desire for responsibility, preference for moderate risks, confidence in personal success, desire for immediate feedback, high level of energy, sufficient emotional stability, objective approach to interpersonal relationships, low need for status and a comprehensive awareness of total environment (Olm & Eddy, 1985; Zimmerer & Scarborough, 1988; ILO, 1994; Kotey & Meredith, 1997). The entrepreneurs placed high value on ambition, achievement, reliability, responsibility, hard work, competence, optimism, innovation, aggressiveness, honesty, creativity, social recognition and growth. Considering the importance of entrepreneurial characteristics in enterprise development, Timmons (1994) analysed more than 50 studies and found six general consensus characteristics of entrepreneurs. These included i) commitment and determinations, ii) leadership, iii) opportunity obsession, iv) tolerance of risk, ambiguity and uncertainty, (v) creativity, self-reliance and ability to adapt and (vi) motivation to excel.

Nandram & Samsom (2007) articulated that in order to be a successful entrepreneur, the entrepreneur must be watchful to spot the opportunities needed to start an entrepreneurial activity and must be persuasive in seeking cooperation or investment. He must be able to learn from own experiences and be goal-oriented in order to work efficiently. Decisiveness, pragmatic to decrease the uncertainty, flexibility in the environment and self confidence in order to face success failures were also the traits of an entrepreneur. Atlantic Consultation (2011) identified the traits of entrepreneurs were passion, vision, positive attitude, risk taker, creative, change resilient, relentless tenacity and determination focus, persuasive inspiration, courageous and decisive execution. In the similar measure, Hendricks (2014) opined 10 traits of the successful entrepreneur i.e., action-oriented, want to make people happy, proactive, stay healthy, honest, build teams, wake up early, ask lots of questions and punctuality. Nurwahida & Manaf (2012) claimed that entrepreneurial characteristics were very important to be

identified among entrepreneurs as it has received attention all over the world. More studies have been conducted on entrepreneurial characteristics which relate with the success of entrepreneurs. Ramalingam & Gayatri (2009) stated that innovation could be used as a strategic tool for development of entrepreneurship. The study concluded that small innovation in the rural area would definitely catch up the majority of the population, thereby leading to better quality of life of many people in the country. Tsai *et al.* (2008) suggested that personality traits would indirectly influence entrepreneurial performance by entrepreneurship. Therefore, entrepreneurship could be treated as a mediator between personality traits and entrepreneurial intention. Sherief (2005) attempted to understand the determinants of rural entrepreneurship and the environment conducive to its development. The study concluded that to accelerate economic development in rural areas, it was necessary to promote an entrepreneurship. Dollingers (2003) suggested that entrepreneurship meant to create a new economic organization by innovation under risk and uncertain environment. Scale of big five personality traits was treated as the most stable scale to measurable personality trait. Goldberg (1981) and Peabody (1987) concluded that agreeableness, openness to experience, extraversion and conscientiousness of big five personality traits significantly and positively influenced entrepreneurship, while neuroticism significantly and negatively influenced entrepreneurship.

After reviewing the literature, it has come to light that limited study has been done on entrepreneurship traits of rural entrepreneurs in Chandel district of Manipur. Thereby, the study on rural entrepreneurship in the district was considered to take up. This paper was aimed to acclimatise the various traits of entrepreneurship and to draw the various entrepreneurial traits among rural entrepreneurs in Chandel District, Manipur.

## 2. METHODS

The study was exploratory in nature. The primary data was used to meet the objectives of the study. Keeping in view the aforesaid objectives in mind, the rural entrepreneurs in the

district were included as the research population. The study was conducted in the Chandel District of Manipur where two blocks, namely Chandel and Chakpikarong, were selected as the study area. In order to find out the various traits of the rural entrepreneurs 21 and 22 sample enterprises were selected from each of the two blocks respectively. A total of 43 entrepreneurs were administered with a well-structured scheduled. The schedule includes 15 variables such as hard work, financial freedom, inner sense of

responsibility, risk taking, need for achievement, self-confidence, independence, accountability, tolerance, integrity, adapt to change, creativity, passionate about business, family support, and good network. For the purpose of analysis, the Likert scale was used and then followed by ranking system along with factor analysis to get the required result. The sample design of the study was presented in Table 1.

**Table 1.** Sample design

Coverage	Chandel District, Manipur
Sample unit	Rural enterprises having existence of minimum 4 years or more with a minimum 2 workers either paid or unpaid
Sample element	Enterprise owners
Sampling technique	Simple random sampling
Population	215 enterprises
Sample size	43 enterprises (20% of the population)

The primary data was collected from the enterprise owners through a well-designed schedule. Personal interview method of data collection was also adopted to collect primary data from the entrepreneurs.

The five-point Likert scale was used in designing the schedule. Different number of responses was grouped into number of categories and analyses were made on the number falling into the groups. Collected data were presented in the statistical tables. Besides descriptive statistics, the study has adopted Cronbach’s Alpha test, factor analysis and Kaiser-Meyer-Olkin (KMO) & Bartlett’s test through statistical package for social sciences (SPSS) software.

**3. RESULTS AND DISCUSSION**

The characteristics of successful entrepreneurs have been well documented in the literature of entrepreneurship. Considering the established literature and views of different scholars and some organizations (Meridith *et al.*, 1983; McClelland, 1985; Olm & Eddy, 1985; Zimmerer & Scarborough, 1988; ILO, 1994; Kotey & Meredith, 1997; Nandram & Samsom, 2007;

Atlantic Consultation, 2011; Hendricks, 2014). On the various traits of entrepreneurs, the study has considered and accounted 15 different traits for an analysis. These traits were i) hard work, ii) want to enjoy financial freedom, iii) inner sense of responsibility/locus of control, iv) risk taking, v) need for achievement, vi) self-confidence and determination, vii) independency, self-sufficiency and freedom, viii) accountability, ix) tolerance, x) integrity, xi) adapts to change, xii) creativity/innovativeness, xiii) passionate about business, xiv) family support, and xv) good network. These traits were i) hard work, ii) want to enjoy financial freedom, iii) inner sense of responsibility/locus of control, iv) risk taking, v) need for achievement, vi) self-confidence and determination, vii) independency, self-sufficiency and freedom, viii) accountability, ix) tolerance, x) integrity, xi) adapts to change, xii) creativity/innovativeness, xiii) passionate about business, xiv) family support and xv) good network. The collected data is tabulated, measured, analysed and ranked accordingly in Table 2 and 3.

**Table 2.** Allotted score on key entrepreneurial traits for enterprise development

Sl. No.	Entrepreneurial Trait	Score	Rank	
1	Hard work	550/15	85.2	5
2	Wants to enjoy financial freedom	193/5	89.7	1
3	sense of responsibility/locus of control	188/5	87.4	3
4	Risk taking	182/5	84.6	6
5	Need for achievement	375/10	87.2	4
6	Self-confidence and determination	647/20	75.2	11
7	Independency, self-sufficiency and freedom	493/15	76.4	9
8	Accountability	468/15	72.5	14
9	Tolerance	324/10	75.3	10
10	Integrity	179/5	83.2	7
11	Adapts to change	315/10	73.2	13
12	Creativity/Innovativeness	474/15	73.4	12
13	Passion about business	375/10	87.2	4
14	Family support	190/5	88.3	2
15	Good network	177/5	82.3	8

**Table 3.** Ranking of key entrepreneurial traits for enterprise development

Sl. No.	Entrepreneurial Traits	Rank
1	Wants to enjoy financial freedom	1
2	Family support	2
3	Inner sense of responsibility/locus of control	3
4	Need for achievement	4
5	Passion about business	4
6	Hard work	5
7	Risk taking	6
8	Integrity	7
9	Good network	8
10	Independency, self-sufficiency and freedom	9
11	Tolerance	10
12	Self-confidence and determination	11
13	Creativity/Innovativeness	12
14	Adapts to change	13
15	Accountability	14

Among all the 15 listed traits, the entrepreneurs showed a strong desire to enjoy financial freedom which ranked the 1<sup>st</sup>. Everyone showed the strong need and desire to have sufficient earning. It was due to this strong urge to satisfy their financial freedom. They were motivated to set up enterprise which they see that they have the ability and capacity to undertake. It was observed that the entrepreneurs were mainly supported by their family for the working of the enterprise. Among all the traits as listed, family support ranked the 2<sup>nd</sup> which showed the full support from family members. The will to succeed and the desire to achieve more in their fields made them closer to their work thereby the inner sense

of responsibility fallen in the 3<sup>rd</sup>. It was followed by need for achievement and passion about business occupying at the 4<sup>th</sup> rank. Hard work ranked the 5<sup>th</sup> position. i) Risk taking, ii) integrity, iii) good network, iv) independency, self-sufficiency and freedom, v) tolerance, vi) self-confidence and determination, vii) creativity/innovativeness, viii) adapts to change, ix) accountability occupied from the 6<sup>th</sup> to 14<sup>th</sup> rank respectively.

In order to analyse the 15 trait variables for identifying the important trait factors, factor analysis was also adopted. The respondents' views on the selected trait variables were measured in the five-point Likert scale. The

ordinal scores of 5, 4, 3, 2 and 1 were assigned against the degree of agreement. In order to reduce the number of variables (traits), factor analysis (principal component) with Varimax rotation has calculated using SPSS. Factor matrix (a matrix of loadings or correlation between the

variables and the factors) was calculated from the quantified data and then rotated component matrix has been found out to draw the factors grouping of variables, loading more than 0.5 under the factor.

**Table 4.** Rotated component matrix<sup>a</sup> with an extraction method of principal component analysis and rotation method of Varimax with Kaiser normalization

	Component			
	1	2	3	4
HARDWORK	0.615	-0.034	0.096	0.037
WTEFF	-0.133	0.848	-0.224	0.039
ISOR	0.348	0.025	0.597	-0.254
RT	0.151	0.661	0.344	-0.401
NEA	0.090	0.241	0.074	-0.704
SCAD	0.533	0.201	0.179	0.457
ISSAF	0.452	0.658	-0.055	0.155
ACCOUNTABILITY	0.411	0.058	0.672	0.060
TOLERANCE	0.666	0.302	0.089	0.163
INTEGRITY	0.061	-0.291	0.698	0.248
ATC	0.266	0.269	0.105	0.766
CREATIVITY	0.701	0.239	0.209	-0.035
PAB	0.797	-0.317	0.008	0.145
FS	0.523	-0.097	-0.597	0.096
GN	0.649	0.195	0.237	-0.296

<sup>a</sup>Rotation converged in 10 iterations.

Note: Those loadings more than 0.5 is being highlighted

Since the tolerance variable was loaded less than 0.5, it was dropped for further analysis. Based on the loaded values, the identification and naming of the important trait factors for entrepreneurs are drawn in Table 6.

**Table 6.** Identification and naming of important trait factors

Variables/Traits	Factor No.	Factor Name
Hard work, self-confidence and determination, tolerance, creativity, passion about business, family support, good network	1	entrepreneurial identity
Financial freedom, risk taking, independent, self-sufficient and freedom	2	responsiveness
Inner sense of responsibility, accountability, integrity	3	Accountability
Adapt to change	4	Adapt to change

15 trait variables were initially considered for measuring the important traits of rural entrepreneurs in Chandel district of Manipur. However, as a result of factor analysis, the important trait variables leading to the success of rural entrepreneurs were reduced to 6. Consequently, the significant trait variables for the rural entrepreneurs in the area of study were entrepreneurial identity, responsiveness, accountability, and adapt to change. Thereafter, Kaiser-Meyer-Olkin (KMO) measurement of sampling adequacy and Bartlett’s test have been conducted to confirm whether the data was suitable for factor analysis or not.

**Table 7.** KMO measure of sampling adequacy and Bartlett's test

Kaiser-Meyer-Olkin	Measure of Sampling adequacy.	0.589
	Approx. Chi-Square	238.798
Bartlett's test of sphericity	Df	105
	Sig.	0.000

In Table 7, KMO measure of sampling adequacy (0.589) was higher than 0.5. The calculated value indicated that the results from factor analysis was meaningful. Similarly, the Bartlett's test of sphericity was significant at 0.00 which was much less than 0.05 indicating that the outcome from factor analysis could be highly useful.

#### 4. CONSLUSIONS

The entrepreneurs showed a strong desire to enjoy financial freedom which ranked the 1st. Everyone showed the strong need and desire to have sufficient earning. It was due to this strong urge to satisfy their financial freedom. They were motivated to set up enterprise which they see that they have the ability and capacity to undertake. It was observed that the entrepreneurs were mainly supported by their family for the working of the enterprise. Among all the traits as listed, family support ranked the 2<sup>nd</sup> which showed that they have full support from family members.

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After analysing all the traits of the entrepreneurs, it could be suggested that the following entrepreneur traits were needed to be a successful entrepreneur i.e., entrepreneurial identity, responsiveness, accountability, and adapt to change.

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