

# THE CHALLENGES OF ENTREPRENEURSHIP AS AN ECONOMIC FORCE IN RURAL DEVELOPMENT: A CASE STUDY OF KYADDONDO EAST CONSTITUENCY, WAKISO DISTRICT IN UGANDA

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## **Abstract**

*This paper investigates the challenges related to developing entrepreneurship in rural areas. It had the specific objectives of: identifying the reasons for promoting entrepreneurship as a force of economic change in rural areas, analyzing the constraints involved in creating a conducive environment for rural areas to embrace entrepreneurship and suggesting solutions to generic constraints that entrepreneurs in rural areas face. Qualitative and quantitative approaches were used in the study. The findings pointed to the lack of sufficient education, development financing, market and clear government policy as key factors that retard rural entrepreneurship. The conclusion is that to accelerate entrepreneurial orientation in rural areas, it is necessary to stimulate local entrepreneurial talent through encouraging indigenous entrepreneurs. This in turn would create jobs and add economic value to regions and add to national GDP.*

## **1. INTRODUCTION**

More than 1.3 billion people in this world live in extreme poverty, that is, one in every five person.(United Nations Report, 1997) As the world's economies become more interdependent, solving a problem as big and as difficult as poverty demands international alliances. According to the International Fund for Agricultural Development (IFAD), the Millennium Development Goals set forth by the United Nations are a guiding light for international cooperation for development, in particular the target to halve the proportion of hungry and extremely poor people by 2015. But the starting point to achieve this target must be the

recognition that poverty is predominantly rural. Three quarters of the world's poor, about 900 million people, live in rural areas where they depend on subsistence agriculture and related activities for their livelihoods. The reality is that the Millennium poverty target cannot be met unless the world addresses rural poverty.

The World Bank's new strategy launched in 2002, called 'Reaching the Rural Poor' focuses on improving the lives of those living in rural areas. Ian Johnson, the Vice-President for Sustainable Development states that this strategy is contributing to the increase of

productivity in rural areas, which will have a very positive impact on other sectors of the national economy. Petrin (1994) affirms that rural development is now being linked more and more to entrepreneurship. Entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment.

The acceptance of entrepreneurship as a central development force by itself will not lead to rural development and the advancement of rural enterprises. What is needed in addition is an environment enabling entrepreneurship in rural areas. The existence of such an environment largely depends on policies promoting rural entrepreneurship. The effectiveness of such policies in turn depends on a conceptual framework about entrepreneurship (Petrin, 1994).

The African Development Bank (1999) states that one of the main constraints in East Africa's economic development is a relatively low industrial resource base including the shortage of indigenous entrepreneurs. Over 70% of East Africa's population lives in villages, it makes it all the more necessary to make an earnest attempt to create an environment and supporting policies which will aid in the development of rural entrepreneurs.

However, there are a few factors which are acting as constraints to rural development. The National Report to the World Summit on Sustainable development (2002) points at lack of inadequate access to development financing as the key factor..

Another constraint faced by developing countries is to move away from the notion of poverty alleviation to

wealth creation. Poverty alleviation focuses on the negative aspects of life and the process is often paternalistic – “we will alleviate your poverty”. Wealth creation on the other hand leads to a focus on business and ownership, a proven combination in today's world.

To sum up in the words of Narayan J.P., (1962), “Rural entrepreneurship would have to be based on two factors: (a) Local resources, both human and material, (b) and local needs. The aim and total long-term effect of rural entrepreneurship should be to convert the present lopsided purely agricultural communities into balanced agro-industrial communities.

Uganda is classified as a middle-income economy, but the distribution of income is unequal and nearly half the population lives below the international poverty line. Its population is largely rural and the structure of the economy is largely agricultural. According to the National Report to the World Summit on Sustainable development (2002), despite enjoying good economic performance over past decades in terms of growth, Uganda now faces a number of challenges. These include maintaining macro-economic stability while providing better education and health, governance issues and gender inequality, high unemployment rates, the need to attract new investment and adapt to a changing trade environment.

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to achieve even economic growth in the country. This study therefore sets out to investigate what could stand in the doors of promoting entrepreneurship in rural areas which holds the key to the nation's balanced economic growth.

Taking the Kyadondo East Constituency of Wakiso district, a semi urban area in Uganda as the case study, the objectives of the study were to identify the reasons for promoting entrepreneurship as a force of economic change in rural areas and analyze the constraints involved in creating a conducive environment for rural areas to embrace entrepreneurship.

## **2. REVIEW OF LITERATURE**

### **a) The Entrepreneurship Concept**

In order to understand the role played by entrepreneurs in developing an economy it is first important to understand the concept of entrepreneurship. (Petrin, 1992) While choosing a definition for entrepreneurship most appropriate to the rural area context, it is important to bear in mind the skills that will be needed to improve the quality of life for individuals, and to sustain a healthy economy and environment. Taking this into consideration, one can find that each of the traditional definitions has its own weakness. (Tyson, Petrin, Rogers, 1994, p.4) Hence, the most appropriate definition is a combination of three, wherein, entrepreneurship can be defined as—

A force that mobilizes other resources to meet unmet market demand. (Jones and Sakong, 1980); the ability to create and build something from practically nothing. (Timmons, 1989) the process of creating value by pulling together a

unique package of resources to exploit an opportunity. (Stevenson, et al, 1985)

### **b) Determinants of Entrepreneurship**

The need to understand the determinants of entrepreneurship is as important as understanding its concept. The origins and determinants of entrepreneurship span a wide spectrum of theories and explanations (Brock and Evans, 1989; Carree, 1997; Carree, Van Stel, Thurik and Wennekers, 2002; Gavron, Cowling, Holtham and Westall, 1998; OECD, 1998a). And, it is generally accepted that policy measures can influence the level of entrepreneurship (Storey, 1994 and 1999; EZ, 1999).

Research analyzing the determinants of the decision to start a new business has so far stressed the role of individual characteristics, access to capital and institutions. Social factors may also play a role in the decision to become an entrepreneur because, as shown by a growing literature, social interactions affect the payoffs from a variety of economic decisions. (Giannetti and Simonov, 2003). A widely accepted view is the following: while personal characteristics as well as social aspects clearly play some role, entrepreneurship and entrepreneurs can also be developed through conscious action. (Petrin, 1994)

Development of entrepreneurs and of entrepreneurship can be stimulated through a set of supporting institutions and through deliberate innovative action which stimulates changes and fully supports capable individuals or groups. In this regard programs designed specifically for entrepreneurship promotion can greatly

affect the supply of entrepreneurs and thus indirectly represent an important source of entrepreneurship.

This view has important implications for entrepreneurship development in rural areas. If currently entrepreneurial activities in a given rural area are not thriving it does not mean that entrepreneurship is something inherently alien to rural areas. While this feeling could have some legacy due to the slower pace of changes occurring in rural areas compared to urban ones, proper action can make a lot of difference with respect to entrepreneurial behavior of people living in rural areas.

### **c) Role played by entrepreneurs in rural development**

Entrepreneurial activity and new firm formation are unquestionably considered engines of economic growth and innovation (Baumol, 1990; Murphy, Shleifer and Vishny, 1991). As such, they are among the ultimate determinants of the large regional differences in economic performance. The importance of new firm formation for growth has been recognized since Schumpeter (1934). According to the Global Entrepreneurship Monitor Report (2000), about 70 percent of an area's economic performance is dependent upon how entrepreneurial the area's economy is.

Entrepreneurial orientation in rural areas is based on stimulating local entrepreneurial talent and subsequent growth of indigenous companies. This in turn would create jobs and add economic value to a region, and at the same time it will keep scarce resources within the community. According to Petrin (1992), to accelerate economic development in

rural areas, it is necessary to build up the critical mass of first generation entrepreneurs.

Studies conducted by Economic Commission for Latin America and Caribbean (ECLAC) and Food and Agricultural Organization (FAO) in the Latin American and Caribbean region have indicated that rural enterprises can be an important modernizing agent for small agriculture. Governments have supported this process by creating incentives for agro-industry to invest in such regions. This has not only been in developing countries, but it has also been a clear policy of the European Union (EU) which channels a large part of the total common budget to develop the backward and poor regions of Europe.

Lyson (1995) echoes the prospects of small-enterprise framework as a possible rural development strategy for economically disadvantaged communities and provides this description of the nature of small-scale flexibly specialized firms: "First, these businesses would provide products for local consumption that are not readily available in the mass market.. Second, small-scale technically sophisticated enterprises would be able to fill the niche markets in the national economy that are too small for mass producers. Third, small, craft-based, flexibly specialized enterprises can alter production quickly to exploit changing market conditions."

According to a study conducted in the United States it has been found that rural poverty has become as intense as that found in the inner cities, and has stubbornly resisted a variety of attempts at mitigation through economic development policies. The latest strategy

for addressing this problem is the encouragement of emerging “home-grown” enterprises in rural communities. The expectation is that these new ventures-a) will provide jobs or at least self-employment; b) will remain in the areas where they were spawned as they grow; c) and will export their goods and services outside the community, attracting much-needed income. (Lyons, 2002)

Gavian, et al (2002), in a study on the importance of SME development in rural employment in Egypt, suggested that SMEs are traditionally thought of as well poised to respond to increased demand by creating jobs.

It is important to stress here that rural entrepreneurship in its substance does not differ from entrepreneurship in urban areas. Entrepreneurship in rural areas is finding a unique blend of resources, either inside or outside of agriculture. The economic goals of an entrepreneur and the social goals of rural development are more strongly interlinked than in urban areas. For this reason entrepreneurship in rural areas is usually community based, has strong extended family linkages and a relatively large impact on a rural community.

Studies have shown that SMEs in rural areas in the UK (particularly remote rural areas) have outperformed their urban counterparts in terms of employment growth (Keeble et al,1992; Smallbone et al, 1993a). Behind each of the success stories of rural entrepreneurship there is usually some sort of institutional support. Lu Rongsen(1998), in a study in Western Sichuan highlights the important factors responsible for the rapid development of enterprises in the area. These include-

uniqueness of the products in so far as they are based on mountain-specific, local natural resources; development of infrastructure; strong and integrated policy support from government; and a well-planned marketing strategy and link-up with larger companies and organizations for marketing nation-wide and abroad.

According to Petrin (1994), the creation of such an environment starts at the national level with the foundation policies for macro-economic stability and for well-defined property rights as well as international orientation. The policies and programs targeted specifically to the development of entrepreneurship do not differ much with respect to location. In order to realize their entrepreneurial ideas or to grow and sustain in business, they all need access to capital, labor, markets and good management skills. What differs is the availability of markets for other inputs.

The inputs into an entrepreneurial process- capital, management, technology, buildings, communications and transportation infrastructure, distribution channels and skilled labor, tend to be easier to find in urban areas. Professional advice is also hard to come by. Consequently, entrepreneurial behavior, which is essentially the ability to spot unconventional market opportunities, is most lacking in those rural areas where it is most needed i.e., where the scarcity of 'these other inputs' is the highest.

Rural entrepreneurship is more likely to flourish in those rural areas where the two approaches to rural development, the 'bottom up' and the 'top down', complement each other. The 'top down' approach gains effectiveness when it is tailored to the local environment that it intends to support.

The second prerequisite for the success of rural entrepreneurship, the 'bottom up' approach, is that, ownership of the initiative remains in the hands of members of the local community. The regional development agencies that fit both criteria can contribute much to rural development through entrepreneurship.

The National Spatial Strategy (NSS), the national planning framework for Ireland today (2002-2020), recognizes the importance of making the most of cities, towns and rural places to bring a better spread of opportunities and a better quality of life. It advocates the following features as appropriate rural enterprise policy elements:

- 1) The nature of the enterprise encouraged to locate in rural areas must be appropriate to those areas in economic, social and environmental terms, e.g., location of overly large enterprises in rural areas should properly be avoided;
- 2) Enterprise policies must be flexible to facilitate local circumstances rather than being rigid national ones;
- 3) Policy towards enterprise must involve features which go beyond the bounds of traditional enterprise policy, eg, in relation to social infrastructure to attract and retain the necessary workforce;
- 4) Policies in relation to enterprise in rural areas and in smaller towns should be seen as an integrated package. There must also be flexibility in relation to how smaller towns' enterprise functions are perceived. These vary depending on the nature of the area;
- 5) Policy towards rural enterprise should encompass all rural

enterprise and not just traditionally grant-aidable manufacturing, i.e., in a rural context any rural enterprise is in principle equally desirable;

- 6) There is a need to focus on new rural enterprises other than tourism. There is a danger that an overly heavy burden in terms of expectations is being placed on the shoulders of rural tourism as the only viable alternative to farming;
- 7) There will need to be consistency and co-ordination regarding the choice of rural enterprise locations among the various bodies involved rather than each having its own unilaterally chosen list.

A study conducted by Smallbone and North (1997), reveals that firms that demonstrated the highest level of innovative behavior were growing in terms of sales and also generating employment, although it is important to stress that the relationship between innovation and growth is an inter-dependent and mutually reinforcing one, rather than a simple cause and effect relationship.

Piore and Sabel(1984), in their book, "The Second Industrial Divide", outline a policy framework for small business development, which states that economic development is more likely to succeed if it takes place within a political context, where local communities actively nurture and support small-scale, industrially diverse, flexibly specialized enterprises. Within this context, small business development is one component of a comprehensive economic development strategy comprising both large-scale, mass- production enterprises and small-scale, flexibly specialized production units.

Organization for Economic Cooperation and Development's (OECD) (1999) work on government policy for enterprise development advocates best practices in four broad areas related to SMEs. These practices are appropriate for both agro industries and other rural enterprises. Specifically, OECD advocates facilitating:

- Efficient and unbiased financial markets for SMEs;
- A suitable business environment for SMEs;
- Education, training and the capability of SMEs to compete; and
- Access to information, networking and the global marketplace for SMEs.

To conclude, Petrin (1994) maintains that policy implications for rural entrepreneurship development can be:

1) Sound national economic policy with respect to agriculture, including

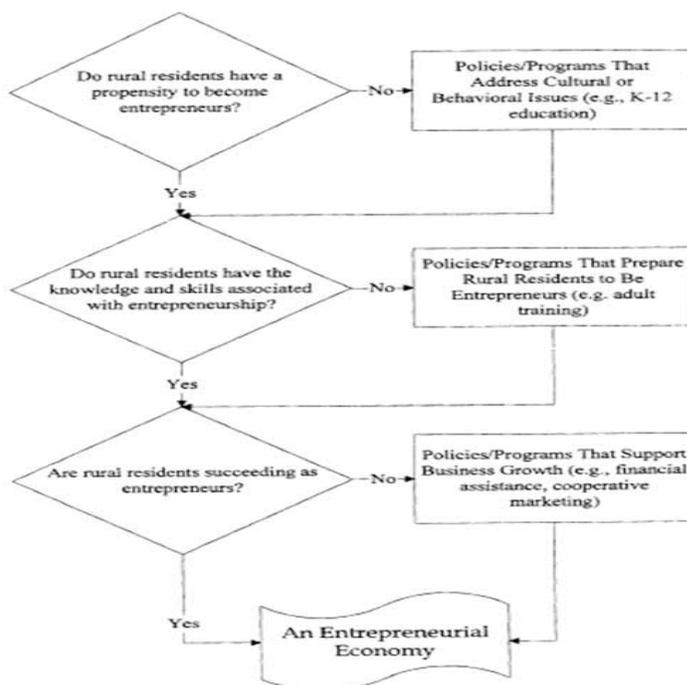
recognition of the vital contribution of entrepreneurship to rural economic development;

2) Policies and special programs for the development and channeling of entrepreneurial talent;

3) Entrepreneurial thinking about rural development, not only by farmers but also by everyone and every rural development organization;

Jay Kayne with the Kauffman Foundation created the following figure during the Second Minnesota Academy working session in Rochester, Minnesota 2004. This figure provides a general framework for encouraging rural entrepreneurship. In the final analysis, this framework provides the critical questions necessary to assessing the entrepreneurial opportunity in any rural place or state as shown in the figure below;

**Framework for Encouraging Rural Entrepreneurship**



Source: Jay Kayne, Kauffman Center for Entrepreneurial Leadership, 2000

### **3. RESEARCH METHODOLOGY**

#### **3.1 Research design**

The study is designed to examine the challenges of achieving entrepreneurship growth in a bid to develop rural areas.

The study covered small and medium organizations in Kyadondo East Constituency in Wakiso district of Uganda. This district borders Kampala, which is the capital city of UGANDA.

The study population comprises of all the registered 1,779 small and medium business in Kyadondo Constituency City. The study population covers various industries including Food and Beverages, Manufacturing, Information Technology and Computing filed, Educational/Publishing, Engineering and Construction, etc. The sampling technique used in assigning questionnaires to respondents is simple random sampling. This is done by randomly assigning the questionnaires to different SMEs that were selected to be used in the study. They belong to different business categories. The sample size for this study is 155 respondents who are managers of their respective business organisations. This is 10% of all the registered SMEs in this constituency. The major research instrument used was the research questionnaire. It was designed in such a way as to elicit the required information for achieving the research objective.

#### **3.2 Data analysis**

To analyse the data gathered from the various segments of the population, a computer programme known as Statistical Package for Social Sciences (SPSS) was used. Cross-tabs, a subprogram of the above software was use to display n-way cross tabulation tables of variables identified in the questionnaire in order to analyse the correlation between two independent variables. Cross tabulation itself is a joint frequency distribution of data with comparison to two or more variable classification. In addition, simple descriptive statistics and frequency distribution tables were used in the analysis of the data collated which addresses, the responses of the respondents to the structured questions posed in the questionnaire. The use of bar, pie and frequency charts, was used to complement the above.

In the hypothesis testing (Refer to research questions), Chi-Squared was used, with the following decision rule:

If  $\chi^2_{calc} < \chi^2_{tab}$  accept H0 and reject H1

If  $\chi^2_{calc} > \chi^2_{tab}$  accept H1 and reject H0

Where:

$$\chi^2_{calc} = \sum (O_i - E_j)^2$$

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$E_i$

$\chi^2 = \text{Chi-Squared}$

$O_i$  = Set of observed frequencies

$E_i$  = Set of expected frequencies

#### 4. FINDINGS OF THE STUDY

The study found out a number of challenges some of which are operational and others external agreeing with Tarling et al (1993), that a number of potential weaknesses in rural entrepreneurship is out of failure to respond to operating environment.

A further characteristic of the remote rural business environment is the lack of a local industrial and service milieu which means that there are fewer opportunities for firms to subcontract out locally than in an urban context. From

the point of view of innovation specifically, the low density of the business population results in a small number of potential collaborating firms locally, as well as more sparsely distributed research and development, educational institutions and business support providers compared with some other types of location. This raises questions about the extent to which the characteristics of remote rural environments constrain innovative activity in SMEs; another issue which concerns the implications of these features for the type of policy response that is likely to be effective.

**Table 1: Showing the category of entrepreneurs in Kyadondo East:**

Entrepreneur category	Frequency	Percentage (%)
Indigenous	123	79
Foreign	32	21
<b>Total</b>	<b>155</b>	100

Source: Primary data February 2013

According to the table above, the majority of the entrepreneurs in rural areas are the indigenous people. They formed 79 % of the respondents. This is in line that many foreign entrepreneurs fear to venture deep in rural areas

because rural areas present challenges for SMEs which they need to adapt to if they are to survive and grow, as envisaged by Vaessen and Keeble, (1995).

**Table 2: Showing the potential areas of entrepreneurship**

Area of Growth	Frequency	Percentage (%)
Agriculture	30	19
Agro-business	122	79
Tourism	1	0.6

Other	2	1.2
<b>Total</b>	<b>155</b>	<b>100</b>

Source: Primary data January, 2013

According to the table above, agribusiness entrepreneurs form the largest share of entrepreneurs in rural areas. They formed 79% of the respondents. This calls for a focus in this direction to improve entrepreneurship in

this area. This sector is followed by agriculture which had 19% of respondents. This therefore means that these are the basic two potential entrepreneurial areas in rural places.

**Table showing determinants of rural Development**

Dev. Determinant	Frequency	Percentage (%)
Entrepreneurship	93	60
NGOs activities	10	6.4
Farming	43	28
Other	9	5.8
<b>Total</b>	<b>155</b>	<b>100</b>

Source: Primary data January, 2013

According to the data above, entrepreneurship is the key determinant factor if rural areas are to realize development; 93% of the respondents agreed with this. This is followed by farming which is at 43% according to

the respondents. This again points at agribusiness as a potential entrepreneurial sector for these two have to be at a symbiosis functioning relationship to achieve development.

**Table showing constraints to rural entrepreneur growth**

Constraints	Frequency	Percentages (%)
Dev. Finance	23	14.8
Markets	21	13.5
Clear policy	14	9
Business knowledge	12	7.7
Sufficient Education	26	16.7
Remoteness	24	15
Transport	21	13.5
Gender balance	9	5.8
<b>Other</b>	<b>5</b>	<b>3.2</b>
<b>Total</b>	<b>155</b>	<b>100</b>

Source: Primary Data January, 2013

According to the data from the table above, lack of sufficient education is the major factor that stands in the way

of entrepreneurship growth in rural areas; 16.7% of respondents agreed with this. This is largely because education is

the key to innovations and exposure UNESCO (2012)..

This is closely followed by remoteness from policy makers, market and related services which stand at 15%. A combination of these major two factors leads to lack of access to development financing which stands at 14.8%. And then transport at 13.5%.

The study also found out the following issues as key constraints in the development of rural enterprise:

- a) The issue of transport and accessibility in general, and of remoteness.
- b) The low skill base of rural areas.
- c) The lack of sufficient funding continues to be perceived as a major constraint.
- d) The low enterprise base in rural areas is seen as a key issue, and there is a general feeling of being caught in a vicious circle where an existing lack of enterprise contributes to a low degree of enterprise potential.
- e) The absence of facilities and services both for enterprises and for their workforces.

f) Competition from larger centers was found out to be crucial.

g) Issues of planning and zoning were seen in some areas as significant as was the fact that it may be more difficult to obtain planning permission for certain types of enterprises in rural areas.

This was therefore in line with what Smallbone and North (1997) in a study in rural England have identified the specific areas of support needs that rural SMEs require as: marketing, process innovation, improving access to specialized training and assistance in the use of internet.

Gavian,et al (2002), in a study in Egypt point out that by continuing to provide supply-side solutions without expanding the market for their products and services is highly unlikely to generate employment through expansion.

The study findings can be summarized in the table below; identifying the problems faced by rural SMEs and the suggested initiatives that can solve them.

**Table12: Summary of findings and suggested solutions:**

<b>PROBLEMS</b>	<b>SUGGESTED INITIATIVES</b>
<p><b>Technical Assistance:</b></p> <ul style="list-style-type: none"> <li>. High costs</li> <li>. Few support institutions</li> </ul>	<ul style="list-style-type: none"> <li>. Preparation and training of national trainers / counselors;</li> <li>. Application of successful experiences;</li> <li>. Promotion and development of institutions for support services of technical kind.</li> </ul>
<p><b>Entrepreneurial Attitude:</b></p> <ul style="list-style-type: none"> <li>. Tendency towards isolation</li> </ul>	<ul style="list-style-type: none"> <li>. Entrepreneurial training and preparations;</li> </ul>

<ul style="list-style-type: none"> <li>. Lack of organization and integration. Little willingness to undertake associative entrepreneurial projects.</li> </ul>	<ul style="list-style-type: none"> <li>. Dissemination of successful associative experiences;</li> <li>. Support to, and co-operation with, existing business/ entrepreneurial associations;</li> <li>. Training and preparation of enterprising young people.</li> </ul>
<p><b>Financing:</b></p> <ul style="list-style-type: none"> <li>. Limited access to financing, both for start-ups and expanding enterprises;</li> <li>. Lack of endorsement and guarantees.</li> </ul>	<ul style="list-style-type: none"> <li>. Association – grouping;</li> <li>. Assistance in establishment of credit schemes targeting SMEs (mutual guarantee schemes etc).</li> </ul>
<p><b>Policy and Enabling Environment:</b></p> <ul style="list-style-type: none"> <li>. Excessive regulations and formalities;</li> <li>. Political and economic instability.</li> </ul>	<ul style="list-style-type: none"> <li>. Identification of specific obstacles and bottlenecks;</li> <li>. Recommendations for change and improvement within these areas;</li> <li>. Adaptation and adjustment of legal framework.</li> </ul>
<p><b>Gender Imbalances:</b></p> <ul style="list-style-type: none"> <li>. Difficulties for women to start up businesses;</li> <li>. Difficulties for women entrepreneurs to get access to support and finance services.</li> </ul>	<ul style="list-style-type: none"> <li>. Entrepreneurial training and preparation;</li> <li>. Sharing of experiences and best practices for women entrepreneurs;</li> <li>. Assistance in establishment of micro credit schemes geared towards women.</li> </ul>
<p><b>Qualification of Human Resources:</b></p> <ul style="list-style-type: none"> <li>. Little specialization and training;</li> <li>. Low level of productivity</li> <li>. Low valuation and encouragement to work</li> </ul>	<ul style="list-style-type: none"> <li>. Skills training</li> <li>. Managerial training</li> <li>. Improvement of the work environment, organizational climate.</li> </ul>
<p><b>Market:</b></p> <ul style="list-style-type: none"> <li>. Low share in the domestic market and almost no share in external markets;</li> <li>. Problems in acquisition of inputs;</li> <li>. Lack of expertise in the area of domestic and external marketing;</li> <li>. Lack of insight into product differentiation and other competitiveness issues.</li> </ul>	<ul style="list-style-type: none"> <li>. Entrepreneurial training and preparation;</li> <li>. Counseling and advisory services by qualified personnel;</li> <li>. Information links, regional and international networks;</li> <li>. Establishment of business / entrepreneur associations;</li> <li>. Vertical integration (possible labor specialization)</li> </ul>

Source: Primary data January 2013

### **CONCLUSION**

World-wide the last three decades have seen major shifts in rural economies. Rural enterprises are important generators of employment and economic growth internationally. It is important to stress that rural entrepreneurship in its substance does not differ from entrepreneurship in urban

areas. Entrepreneurship in rural areas is finding a unique blend of resources, either inside or outside of agriculture.

This Research has attempted to understand the role played by rural enterprises in economic development and how governing bodies can help to foster its growth. The promotion of entrepreneurship and the understanding

where entrepreneurship comes from is as equally important as understanding the concept of entrepreneurship. The environment which is considered most favorable for their growth forms the basis for the development of policies for entrepreneurship development.

In this line therefore, this research has come up with the findings that the challenges of rural entrepreneurship include; lack of access to development Finance services, markets, good transport services and education. Others are lack of a clear government policy on investment and the traditional cultural practices which make gender imbalance a big hurdle in realizing any business ecuminism amongst women in rural areas.

In line of the above findings, this paper has come up with the following summarized recommendations:

(a) Sound national economic policy with respect to agriculture,

including recognition of the vital contribution of entrepreneurship to rural economic development;

(b) Policies and special programs for the development and channeling of entrepreneurial talent; (c) Entrepreneurial thinking about rural development, not only by farmers but also by everyone and every rural development organization;

d) And institutions supporting the development of rural entrepreneurship as well as strategic development alliances.

However, despite their phenomenal growth rural enterprises have common systemic constraints to their development. Governments and donors can help to address these constraints by facilitating efficient and unbiased financial markets; a suitable business environment; education, training, and competitive capacity; and access to information, networks and the global market place.

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