

# A Study on Various Aspects of Community Entrepreneurship and Its impact on Rural India: Theoretical Approach

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**Abstract:** *Entrepreneurship activities are now – a – day’s well known and booming in India and we can see different substantial entrepreneurial activities but it depends on the types and scale of the organizations and the kinds of creativity involved in their activities. In current scenario, lots of organizations exist and they are supporting would – be or upcoming entrepreneurs and their startups. These organizations include specialized Govt. agencies, incubators meant for business establishment and some NGOs which actively encourage and motivate different kinds of initiatives taken by newcomers. In modern arena the term entrepreneurship and the concepts of entrepreneurship modified and extended to engulf the components which are not necessarily related to starting up a new venture or a startup company like a focused mindset which results in various entrepreneurial initiatives and activities in the form of community entrepreneurship, social entrepreneurship etc. have come to the picture. Community entrepreneurship itself is a very helpful and vital framework through which in a particular community, in any place overall community development is being done and their overall employment initiative is being created or generated. So this particular concept emphasizes to create and drive new entrepreneurial activity in employment creation at local level. There are many projects which are being made to uplift and develop the local entrepreneurs and to improve the overall conditions of the rural communities. And if any small scale project faces failure for some known or unknown reasons the people start showing their finger to them. This has happened due to different kind of culture that is being set and for various community needs. But if we see different literatures on ‘community’, it has been explained by different authors as extrinsic part of the ecosystem of entrepreneurship. But in a local environment like in rural environment the community, entrepreneurs and entrepreneurship development are present as single embedded network system. This paper is basically focusing on the community entrepreneurship and how it is going to uplift the overall condition of rural people in Indian context. Main intention of this article is to point out the various entrepreneurial activities that are being carried out in rural places and the importance of community entrepreneurship to uplift the overall development of the rural India. The term ‘community’ is used here to explain a group of people those are sharing a geographical area, preferably homogenous if possible, belongs to collective culture and shared relational characteristics. But it will be more useful to think that the meaning of ‘community’ is the shared spirit by a group of people. We shouldn’t categorize this thing on the basis of geography, environment, ethnicity or activities.*

**Key Words:** *Community, Community entrepreneurship, Entrepreneurship.*

## Introduction:

From last many years’ lots of agencies, NGO’s, multinational organizations are really taking efforts to reduce the poverty condition in India and other parts of the world as well. We have experienced lot of multinational inclusion and development in our country, but still a healthy percentage of people are living below poverty level. People from rural India are facing huge problems and challenges from low income, various environmental uncertainties etc. Lot of developments is happening in different urban areas but rural areas in India are still underdeveloped. Lots of national and international organizations are intervening heavily to control the situation. Some clear cut improvement we can see via entrepreneurship development taken care by various agencies (Govt. and non-Govt. organizations). Despite of having all the good intentions, power of adaptability all the intentions are sometimes not working properly. Sometimes we are ignoring cultural assimilation and the strength of local organizations which may act as a very important carrier to promote entrepreneurship (Cleaver, 2001). There are lot many poverty alleviation programs have been organized but all are addressing the global problem and

showing the issues of so called ‘charity’. They are showing less interest to build up the local people and their society (Casey, 2004).

There are different kinds of research work has been done on entrepreneurship. But still it is very difficult to understand the categorization of the papers because there is lack of clear research trajectories. Despite of that different kind of diversity in the field of entrepreneurship has been observed and we have seen very less number of research work has been done on country or continent or society or community specific research work (Aldrich, 2000).

## About Community Entrepreneurship:

Whenever we are discussing community entrepreneurship, first of all we should know the concept and the meaning of community entrepreneurship. Schumpeter (1983), Begley and Tan (2001) define entrepreneurship as the systematic but unprogrammed and innovative compilation of several activities. There are many a traditional and untraditional activities taken care by lot of people from urban and rural area. However, this is understood from the definition that

entrepreneurship is a process, and it is different from the concept of entrepreneur as a person. Definition wise we can consider that entrepreneurship is a process; but the concept doesn't mean for it is being used for only individual but it is used for the group as well. Secondly, a community is defined as "a small basic administrative or statistical area, preferably as homogenous as possible" (Borzaga and Defourny, 2001). Here the term "community" is used to refer to a group of people those are just not sharing the same goal or objective in one organization but they can come from the same geographical location and belongs to almost same kind of culture and ethnicity by actual relational characteristics (Maldifassi, 2001). The community may be well divided by political thoughts or it may belong to the same village or municipality but not so necessarily. According to Mort et al., 2003 "community is a sense of spirit and cannot be defined by geography, environment or activity" (Mort *et al.*, 2003).

### **Theoretical Background:**

Theoretically, communities are generally considered as an exogenous part but it is one of the most important environmental factor for entrepreneurship (Ardichvili, Cardozo and Ray, 2003; Borzaga and Defourny, 2001). Majorly the basic entrepreneurship articles' assumptions are the primary goal of entrepreneurship is the taking care of the economic goal in the creation of new venture startups (Dana, 2002). So we can see the primary goal is always to create the economic interest and to consider the cultural or environmental factor is the secondary factor. There are various authors like Anderson and Giberson (2004) and Dunning (2003) elaborate that there is a huge difference in the quality of resources and the kind of infrastructure whichever is available in a developing countries are not actually talking about the mainframe of entrepreneurship concept. There are various kind of thoughts are being given on entrepreneurship theories and it is said that this theory considers entrepreneurs as sole actor or a part of a small or big team of venture starter (Anderson, 2002; Hindle *et al.*, 2005). Very recently there has been different kind of study is being done and it is observed that there is a nice relationship amongst the enterprise and entrepreneur; it may leads to form the concept of the community structure as a whole and the up gradation of the overall economy of the society with community entrepreneurship as well. The main job is to be done is nothing but to create awareness of entrepreneurship amongst the community member and ultimately this will leads to set up their own venture. We have seen that the scholars also have started to give inputs regarding the emergence of entrepreneurship as the part of innovation and it will be giving a better picture of the society. Community entrepreneurship is nothing but a kind of collective learning process and it will give enough solidity in the society and this will also explain the growth and several emerging factors of the society. Nevertheless various work about community entrepreneurship actually give the opportunity to understand several ethical factors of society, trust the people, several norms regarding

business, new business orientation, importance of coordination amongst the different members of that organization. So a overall social structure and a kind of social networking is being discussed, and these are nothing but the emergence of social capital and the usefulness of the social capital for the development of the society and for the countries' overall development as well.

The economic action is always there in the societal structure and it is a part of holistic economic status and it is being accepted that it is a kind of relationship factor of the social format and relation as well. The concept of embeddedness has been given by lot many authors and it had given a lot many scopes or opportunities to work for industry networks. However, there is a clear cut evidence of the organization system and its robust structure but these are the part of society and formal societal relation is being required. The local community played a very important role to encompass the complete format or structure. Society played a very important role in community entrepreneurship. In this proper framework human being and the communities are able to build strong relationships which ultimately give rise to the element like trust, coordination, cooperation and a course of collective actions shared by the members of that particular network. Very robust personal relationship is required and the networking system of the holistic structure is thus crucial components in the functioning of an economic system (Johannisson *et al.*, 2002; Westlund and Bolton, 2003). Bourdieu (1997) proved that some already discussed factors like social organization, trust, norms and networks system can improve or rectify the efficiency or efficacy of societal model by improving various coordinated actions played by the individuals. The major elements are considered as the different forms of social capital which highly include the networking system of the society and it has been observed that there is a proper interlocking amongst various relationships though a quite high degree of relationship is there where short term things are being made with a proper focus on repayment when the time will come. Now this is quite difficult to bother someone whosoever not very proper in societal structure. There are many a situations where lots of short term sacrifices are being made by the community members intentionally or unintentionally. Social capital is intangible in nature and it is not like a product or services those are sold by marketers in marketplace but this will help the people to understand the concept of entrepreneurship properly and will help to start a venture at social level. This will also help to access the social property at fullest like usage of resources properly such as knowledge and the capital as well. Social capital is a very important ingredient of the society and for community entrepreneurship as well and it is being considered as an asset which actually generates value for society. This must be taken as the positive value creation of the society for the overall up gradation of the society. A social network perspective is nothing but the recognition and the proper identification of the opportunities which are given an outlook from which the member of the society should be able to encase the opportunities, wherever it is

available and ultimately will be able to contribute in social model.

#### Characteristics:

1. The major focus is always on social capital.
2. It always encourages the social development.
3. Maximum interaction amongst the individual whosoever is the part of that organization and especially at the time of decision making.
4. It is exclusively meant for the community development as a whole.
5. There is a proper relationship is being found.
6. It focuses on collective innovation process.
7. It focuses on a strategic integrated thinking of the community about the overall development.
8. It is helpful to integrate all the shared values, norms and societal regulation.

#### Conceptual Framework

One of the most common problems in development activities, the people are facing is nothing but the most of the big budget or giant projects are handled and properly managed by the development agencies. There is no enough scope for the community members to take active part in that particular activity, so automatically the community members are losing interest from taking part in that development of any kind of project. Here also this has been observed that often lack of ownership from the different community members. To solve this problem lot many international development agencies have entered in the marketplace and they have started their projects to promote the business concepts amongst local companies and it has been observed that lot many local participation has happened and the number has increased (World Bank, 2007). However, lot many externally induced development projects have faced lot of different kind of challenges, those are very critical but the number of challenges are being decreased by various aid programs. In most of the cases the local institutions established by foreign agencies are being weakened or replaced by domestic agencies. It is being noticed that quite frequently lot of domestic organizations and the communities are participating in lots of social work because there are certain awards and rewards that they want to achieve (Sachs, 2008). This is basically a failure and we can address this failure by explaining the fit of different form of entrepreneurship practices in different cultural and societal format and in its holistic dimensional format (Anderson, 2002), especially whenever we have taken into consideration different economic uncertainty and poverty related issues. Now we can consider the effect of culture and different stages of value system in the western part of the globe especially wherever the people believe in individualism, they will continue the actual view of the conceptual entrepreneurship instead of the value based

entrepreneurship which includes community and society (Dana, 2002), and the courage to work on community entrepreneurship we can find in the part of developing countries. Here the effect of the dimensions of different culture is being taken into considerations and we have seen that societies differ in many way on the basis of incorporation of the element of individualism (Anderson and Giberson, 2004). The main purpose of this paper is to give a proper outline about an alternative entrepreneurial approach to whatever things and concepts are available there and to understand the effectiveness of this concept at a very basic level of the society and its contribution towards the body of knowledge. This main approach is given by community-based enterprises (CBEs). The paper is being based on the concepts of community entrepreneurship at a very grass root level and the positivity towards the society is being shown. The basic concept behind the paper is the ways of Community's act towards entrepreneurship. It is often being said that to become an entrepreneur someone needs to have fire inside the belly. CBEs are basically very interesting concept and it is the result of a holistic process in which the whole community acts entrepreneurially. This particular thing they are doing to create and innovate something new for the betterment and the future of the society. Because if we see sincerely then we will be able to understand that the complete process is basically embedded in its existing social structure and wide area network. Community enterprise basically an autonomous body of human being come together and works sincerely to meet some common goals. This kind of enterprises are jointly owned and democratically controlled. Here they are addressing common economic, social and cultural needs of the society and more specifically for the community. The CBEs could prepare and represent a strategy for overall continuous development of the community and society and the people should encourage the new growth model of the community. First of all the main and actual concept of entrepreneurship and entrepreneurship development, economic situation and development you need to understand because this is the heart of these concepts. Here in this case the community entrepreneurship address the importance of economic goal in startups and where the community could become the venture creator. On the other hand we can see that there are differences in resources and infrastructure in developed and developing regions. We are here to study different economic assumptions, new community entrepreneurship theories, new models and brand new framework. This would be important because till date whatsoever initiatives has been taken to improve regional economies was not very successful and localism was not being promoted sincerely, but here local culture, value system had taken into consideration. Lastly it is being observed that previously formulated programs were failed to communicate with the rural people regularly or effectively but community entrepreneurship has shown the society a different kind of boost and energy (Gui, 2000).

**About Corporate Entrepreneurship:**

However, there are certain researchers in business economics are invariably discussing the various aspects of these issues in terms of “corporate entrepreneurship” (Dasgupta, 2000; Glaeser *et al.*, 2000) and “entrepreneurship as a collective phenomenon” (Johannisson *et al.*, 2002). In the structure of an community entrepreneurship it is being considered as the presence of community provides a social resource in the societal structure and it increases the several factors like self-confidence and motivation of the entrepreneur (Hindle, 2005). There are different ways of looking at the networks and we can explain it as “creative bridging activity” (Mueller and Thomas, 2000) that actually brings lots of innovation by creating new products and innovative ways of production, which will leads to discovery of new market and different ways of organizing.

**Various aspects:**

In some of the recent studies of entrepreneurship development the concept of economic geography of clusters are being practiced heavily and automatically it has become very important to understand the contradiction and dilemma between so called ‘globalization and various geographic locations. Now as the discussion goes, it becomes mandatory to understand the concept and element of Clusters, so that it shouldn’t lose its major focus and economic and social significance should get the attention well but due to the vastness of globalization sometimes the simple economic theory looks more complicated and it becomes very difficult to solve for our understanding purpose. It is being observed that despite of reducing different cost structure some firms are really doing well in the market place, in some major locations, they are showing their productivity and dynamism is clearly visible. Now a question can be asked that how some of the odd firms are moving well? To answer this interesting question, we can observe the position of different cluster, and very easily we can point out that the firms those are there within the industry cluster are fortunate enough to avail interesting strategies and tactics as well and ultimately this will give rise to the competitive advantage which is helpful for both the things like firms and the clusters. Firms and the clusters are being helped to grow in different region.

Whenever we are observing something about the firm or the individual whosoever is directly or indirectly related with the firm is considered as the economic agent those are giving different perspective towards innovation and entrepreneurial development and this will also help them to enlighten thought process to give them the advantage for the clusters whatsoever they are probably providing. As it is being summarized in a very simple concept of cluster dynamics, now we need to understand and recognize more clear and transparent effect of the cluster analysis. Anyhow the cluster is different from how to drive the behavior and performance of its components, that is, the individuals and firms of which it is formed. We can see both the things are internally related. Now we need to clearly understand that

whatever favorable conditions are given by the clusters for the several firms whether those things are available everywhere or not. Interestingly there are various empirical evidences are available to determine and to measure whether the support that is being given by the clusters are weak or sufficient for a single firm to exist in the market place. This concept actually being made to give the opportunity to the firm to survive and to grow in their respective places. On the contrary it is being observed that despite of being a part of industry cluster, certain location and region the firms are unable to bring any kind of positive support to society. So sometimes the favorable conditions are also not sufficient to ring benefits to the firms.

So there might be series of questions like despite of being the part of the industry cluster, sometimes firms are not growing as they should grow. To answer these questions I can hypothesize some of the major factors like Cluster growth and prosperity and we can have a test on effectiveness of cluster growth and prosperity on new firms those are either established or upcoming. Cluster growth actually helps for making of positive attitudes towards entrepreneurship, growing demand in the modern market arena and favorable technological up gradation. The actual activities those are undertaken by new coming firms, actually provoked by the mindset, knowledge, experience and skills shared by their founding members and they are employed those activities in their own firm whichever things they have learned from the previous industries they worked for or from some related industries whichever is available surrounding their firm. If someone consider the new business ideas those are basically formulated on the basis of opportunities those are available there in the marketplace, or might be meeting the customer needs in a best possible way. These customers may belong to the former employers or might be the competitors of those firms. A firm can be established by just applying knowledge gained in their services wherever they were but may be to address the new customer groups. In the meantime, the overall result of such entrepreneurial activities can be denoted as the success factor not only coming for the formation of cluster firms or organizations but the professionals those are shared their expertise from wherever they are and they can exploit their gained experience for the betterment of the firms. Lastly we can find a close relationship amongst co located firms. So we have seen that how cluster location concepts help these new coming firms and they are giving the primary benefits to these newcomers. It may so happen that a venture is a flop show then also the cluster concept tries to give them the maximum alternative solution. Every time we are trying to reduce the negative thoughts of business failure and instead of that we are trying to encourage the local entrepreneurship which ultimately can help us in long run and for the social economy as well. So the shifting of paradigm is nothing but the application of cluster concept for the development of entrepreneurship in every location and obviously this will be helpful for the policy implication. This particular concept, on the one hand, it is

adding up additional weight to give proper justification for exiting policies and finally it helped in creating environment for entrepreneurship and different kind of firms' formation at various scale and on other hand it increases the effectiveness and efficacy of policies to strengthen already existing industrial cluster by different supporting firms in certain specific locations or industry rather than moving here and there.

### Conclusion:

CBE approach is absolutely helpful for the development of local communities and this model is very promising for the rural people and the urban people as well. This could be used for the development of local communities as well. This form of entrepreneurship is not very unconventional as we have considered the individual and collective interest as well. There is a common goal towards valuable venture creation. The most common problem that CBEs are facing in India is nothing but the sufficient and persistent support from the other established organization. There are very little number of organizations which can actually help the inexperienced communities those are sharing same sorts of value. NGOs need to come forward in a better way to give support to CBEs to grow their business skills and institutional skill as well. We are looking for more involvements from Govt. and non Govt. organizations to promote the concept of community entrepreneurship.

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