

# India: Sustainable Economic Growth and Poverty Reduction through Entrepreneurship

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**Abstract:** The Global Multidimensional Poverty Index-2018 released by the UN noted that 271 million people moved out of poverty between 2005/06 and 2015/16 in India. The poverty rate in the country has nearly halved, falling from 55% to 28% over the ten-year period. Research on poverty reduction through entrepreneurship has often emphasized external help from government or charitable institutions. This study is designated to examine the roles of entrepreneurship in economic development of India. To achieve this, research questions and hypotheses were raised. Questionnaire was the research instrument used. Pre-tested questionnaires were administered to respondents to gather data for testing research questions and hypothesis. However, the responses of the participants were analyzed using simple format, which generated the frequency distributions and bar chart of the responses. The result generated indicated that entrepreneurship education programme reduces unemployment in the society and government policies encourage entrepreneurship development in the society. However, the research concluded that entrepreneurship education should be given more priority in higher institution of learning. This study therefore recommends that people should change their attitude towards home made goods so as to encourage entrepreneurship in the country.

**Keywords:** Economic Growth, Education, Entrepreneurship, India, Poverty Reduction.

## I. Introduction

There are two types of programs most commonly associated with helping the global poor. The first is government to government aid. The second is a direct service NGO that performs tasks like building wells and distributing medicine. However, another effective way to boost poverty reduction is through entrepreneurial assistance. Nowadays, much attention has not been given to small and medium entrepreneurial firms by the upper class especially those concerned with the formulation of government policy. The setback is a barrier to national development since over 60 percent of functioning businesses in the country fall within this category. In fact, it can be assumed that an overwhelming proportion of both the industrial and absorptive organizations of loss developing nations of the world depend largely on entrepreneurship. Hence, the mechanics of entrepreneurship has not been appreciably addressed. History revealed that most advanced countries today passed through stages of industrial development particularly in the field of manufacturing and engineering notably United States of America (USA) and Japan, where recognition is given to small scale entrepreneurial businesses. It is not surprising therefore that some of the newly industrialized countries like Taiwan, Hong Kong, Singapore and South Korea have followed similar paths which paid adequate attention to small scale entrepreneurial enterprises. Entrepreneurship firms of small size exhibits an image (ethic) that defines the climate of its nature of business, demonstrating particularly the periodical ownership structure. Examples of such entrepreneurship that abound today include small firms, patent medicine stores, relaxation spots, barbing salon, soap making industries and the well known "Brothers and Sons" Limited liability companies. A small sized entrepreneurship firm constitutes over 60 percent of the nations businesses and produces about half of its gross national products (GNP). In a depressed and globalized economy, effective and efficient operation of small scale business enterprises is the only way through which this sector of the economy can be revamped. Economic independence has become a subject of research to economists, industrialists, theorists, scientists and social reformers in recent times. This research therefore addressed itself to be critical need for economic independence through critical appraisal of the causes and failures of the small scale entrepreneurial ventures in India. It is believed that there is no country which has never experienced certain degrees of failure when developing the entrepreneurship sector. These problems vary from one country to another although some of them tend to be identical in nature. One thing that normally comes to mind especially when setting up a business is the problem to be encountered in the course of running the business. Many authors have found that limited operational capital coupled with the problem of obtaining loans from the commercial banks due to lack of collateral required by the banks are among the main challenges encountered by small sized entrepreneurship ventures. The issues highlighted in this study calls for urgent attention if the nation's economy is to be rescued from the claws of underdevelopment. In view of the above mentioned reasons, the main objective of this study is to identify the importance of entrepreneurship in the development of a nation. However, this study shall be arranged in the following manner. The next section shall contain the literature review where issues related to entrepreneurship are discussed as reported in empirical literature. The next section shall be the methodology of the study and followed by the data analysis section. The conclusion shall be the last section of this study.

## II. Review of Literature

**Peter F. Drucker**, “The entrepreneur searches for changes, responds to it and exploits it as an opportunity”.

According to this definition, one who finds change and gets profit from the available opportunity that has been created by the action-reaction is known as entrepreneur.

“Poverty is a state or condition in which a person or community lacks the financial resources and essentials for a minimum standard of living”.

“The sustainable growth rate (SGR) is the maximum rate of growth that a company can sustain without having to finance growth with additional equity or debt. The SGR involves maximizing sales and revenue growth without increasing financial leverage”.

## III. Objective

The purpose of the study is to examine the roles of entrepreneurship in economic development and poverty reduction in India.

## IV. Research Methodology

The data collection instrument was based on structured questionnaire. A total number of thirty copies of questionnaire distributed and returned. The questionnaire has only fifteen (15) research questions relevant to the topic of investigation. The population of the study consisted of the graduation and post graduation students and local entrepreneur. The population was made up of people with varying qualifications without discrimination irrespective of their specializations and functional units. The population cut across all levels of the organization. Sampling size comes into play when there is a definite task to be accomplished from a given population of thirty people, but as a result of time and cost involvement, the population will be scaled down to manageable size for sampling chosen which will determine the nature of task. Stratified random sampling is however applied because of the nature of the population under study. The non-probability sampling procedure technique was adopted by the researcher. Under this non-probability sampling procedure, convenient sampling techniques were used. This was used because it afforded the researcher the opportunity to walk into an organization and administer the questionnaire at the convenient time that helped to elicit responses from the respondents. The research questionnaire was standardized through expert opinion (supervisory) which further pre-validated the instrument. The data collected were analyzed using percentages, graphical representations, pie and bar charts.

## V. Analysis and Interpretation

The analysis of respondent's data shows that 66.6% respondents were male while 33.3% were female. This implies that there were more male in the sample. Also that 56.6% respondents were married, 33.3% were single, 6.6% were widow (er) and 3.3% were divorced. This implies that majority of respondents were married. Further analysis reveals that 33.3% respondents were between the ages of 21 – 30 years, 16.6% were 31 – 40 years, 33.3% were between 41 – 50 years and 16.6% were 51 years and above. In addition, 20% respondents had diploma and other courses, 33.3% had completed master degree, 40% were holders of Graduation degree while 6.6% had done only schooling and others. This implies that the majority of the respondents are well educated. Considering the length of work experience in the organization, the study shows that 40% respondents had been working in the organization for less than five years, 26.6% had 6 to 10 years work experience, 23.3% had 11-20 years while 10% had over 20 years work experience. Therefore, most respondents had less than 11 year's length of service. For the organizational structure, 13.3% respondents were in top management level, 23.3% were in middle management level, 36.6% were lower managers while 26.6% were junior staff. Therefore, most of the respondents were managers. In this study, it was revealed that 30% of respondents worked in service organizations while 70% were staff in manufacturing organizations.

### Analysis of Survey

**RQ 1:** Entrepreneurship education programme reduces unemployment in the study.

The analysis of the respondent's responses revealed that 60% of the respondent strongly agreed, 40% agreed, 0% undecided, 0% strongly disagreed and 0% disagreed. This implies that entrepreneurship education programme is reducing unemployment in the society.

**RQ 2:** Training of entrepreneurship skills in higher institutions has impact on unemployment reduction.

The analysis of the respondent's responses revealed that 46.6% of the respondents strongly agreed, 33.3% agreed, 6.6% strongly disagreed and 3.3% disagreed. This implies that entrepreneurship training in higher institution has impact on unemployment reduction.

**RQ 3:** Government policies encourage entrepreneurship development in the society.

The analysis of the respondent's responses revealed that 20% of the respondents strongly agreed, 66.6% agreed, 10% strongly disagreed and 3.3% disagreed. This implies that government policies are encouraging entrepreneurship development in the society.

**RQ 4:** One of the major problems of entrepreneurship in the society is capital.

The analysis of the respondent's responses revealed that 60% of the respondents strongly agreed, 33.3% agreed and 6.6% are undecided. This implies that capital is one of the problems faced by entrepreneur in the society.

RQ 5: Banks has meet up to expectation in providing fund for entrepreneurs in the society

The analysis of the respondent's responses revealed that 26.6% of the respondents strongly agreed, 33.3% agreed, 13.3% are undecided, 16.6% strongly disagreed and 10% disagreed. This implies that banks have met up in providing fund for entrepreneurs in the society.

RQ 6: There is future progress for entrepreneurs in the society.

The analysis of the respondent's responses revealed that 57% of the respondents strongly agreed, 33% agreed, 2% undecided, 2% strongly disagreed and 6% disagreed. This implies that there is a bright future for entrepreneurs in the society.

RQ 7: Entrepreneurship education should be given more priority in higher institution of learning.

The analysis of the respondent's responses revealed that 40% of the respondents strongly agreed, 10% agreed, 10% undecided and 10% disagreed. This implies that entrepreneurship education should be given more priority in our institutions.

RQ 8: There is hope in unemployment reduction through entrepreneurship education.

The analysis of the respondent's responses revealed that 40% of the respondents strongly agreed while 60% agreed. This implies that there is hope in reduction of unemployment rate through entrepreneurship education.

RQ 9: Entrepreneurs can survived without government intervention.

The analysis of the respondent's responses revealed that 26.6% of the respondents strongly agreed, 33.3% agreed, 3.3% undecided, 20% strongly disagreed and 16.6% disagreed. This implies that entrepreneurs cannot survive without government support or intervention.

RQ 10: Lending rate should be reduced to encourage entrepreneur borrowing from banks.

The analysis of the respondent's responses revealed that 46.6% of the respondents strongly agreed, 20% agreed, 3.3% undecided, 13.3% strongly disagreed and 16.6% disagreed. This implies that lending rate should be reduced to encourage entrepreneurs borrowing from banks.

RQ 11: Entrepreneurship education has impacted positivity on Indian economy. The analysis of the respondent's responses revealed that 23.3% of the respondents strongly agreed, 46.6% agreed, 4% undecided, 23.3% strongly disagreed and 6.6% disagreed. This implies that entrepreneurship has positive impact on Indian economy.

RQ 12: High and persistent rate of unemployment is a major challenge for economic growth in India.

The analysis of the respondent's responses revealed that 23.3% of the respondent strongly agreed, 46.6% agreed, 6.6% strongly disagreed and 23.3% disagreed. This implies that high and persistent rate of unemployment is a major threat to our economy.

RQ 13: Entrepreneurship education acquired has assisted students in developing positive attitude, innovation and skill for self reliance.

The analysis of the respondent's responses revealed that 50% of the respondents strongly agreed, 40% agreed and 10% are undecided. This implies that entrepreneurship education acquired in institutions has assisted students in developing positive attitudes, innovations and skills for self reliance.

RQ 14: Entrepreneurship skills are different from management skill in business success.

The analysis of the respondent's responses revealed that 26.6% of the respondents strongly agreed, 33.3% agreed, 23.3% undecided, 10% strongly disagreed and 6.6% disagreed. This implies that entrepreneurship skill is different from managerial skill in business success.

RQ 15: Non availability of market is a big problem for entrepreneurs in developing countries. The analysis of the respondent's responses revealed that 20% of the respondents strongly agreed, 46.6% agreed, 10% strongly disagreed and 23.3% disagreed. This implies that non availability of market is a problem for entrepreneurs in developing countries of the world.

**Test of Research Hypothesis**

(A) Hypothesis One

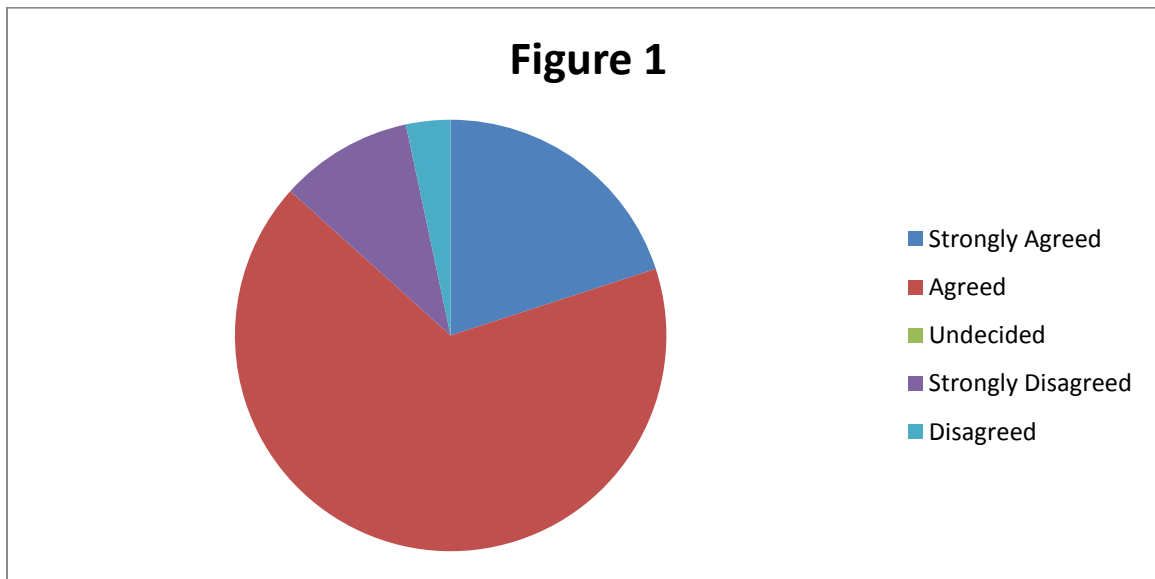


Figure 1:

Field Survey Figure 1 above was aimed to test the null hypothesis which says government programmes on entrepreneurship does not improve organizational growth and development. Whereas the alternative hypothesis says that government programmes on entrepreneurship has improved organizational growth and development. Research question 3 was used to test the hypotheses because it is closely related to the hypotheses being tested. An analysis of the data shows that among the respondents surveyed, 67% of them agreed, 20% strongly agreed, 10% strongly disagreed, 3% disagreed while none was undecided on the questions tested. The findings shows that the null hypotheses is rejected and the alternative hypothesis is accepted that is the study agreed that government programmes on entrepreneurship has improved organizational growth and development. This study attest to the fact that an overwhelming proportion of both the industrial and absorptive organizations of loss developing nations of the world depend largely on entrepreneurship. Hence, government recognize that the mechanics of entrepreneurship need to be adequately addressed. Recent history revealed that most advanced countries today passed through stages of industrial development particularly in the field of manufacturing and engineering notably United States of America (USA) and Japan, where recognition is given to small scale entrepreneurial businesses. It is not surprising therefore that some of the newly industrialized countries like Taiwan, Hong Kong, Singapore and South Korea have followed similar paths which paid adequate attention to small scale entrepreneurial enterprises.

(B) Hypothesis Two

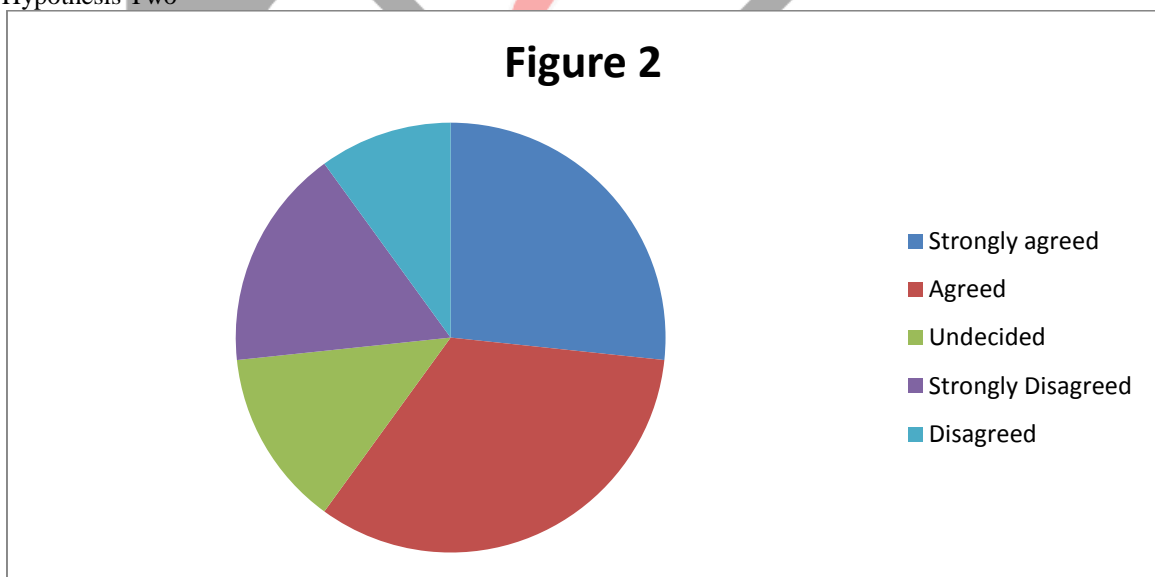


Figure 2:

Field Survey Figure 2 above was aimed to test the null hypothesis which says banks do not play significant role in the development of entrepreneurship. Whereas the alternate hypothesis says that banks play significant role in the development of entrepreneurship. Research question 5 was used to test the hypothesis because it closely related to the hypotheses being tested. An analysis of the data shows that among the respondents surveyed, 33% of them agreed, 27% strongly agreed, 13% undecided, 17% strongly disagreed, 10% disagreed on the statement tested. The findings shows that the null hypothesis is rejected and the alternative hypothesis is accepted. This shows that banks play significant role in the development of entrepreneurship. This study result is consistent with small sized entrepreneurship firms constitutes over 60 percent of the nations businesses and produces about half of its gross national products (GNP). The depressed and globalized economy, effective and efficient operation of small scale business enterprises is the only way through which this sector of the economy can be revamped. This is among the reasons commercial and development banks in India are collaborating with government to ensure that the entrepreneurship sector is developed in other to reduce dependence on dwindling crude oil resources.

(C) Hypothesis Three

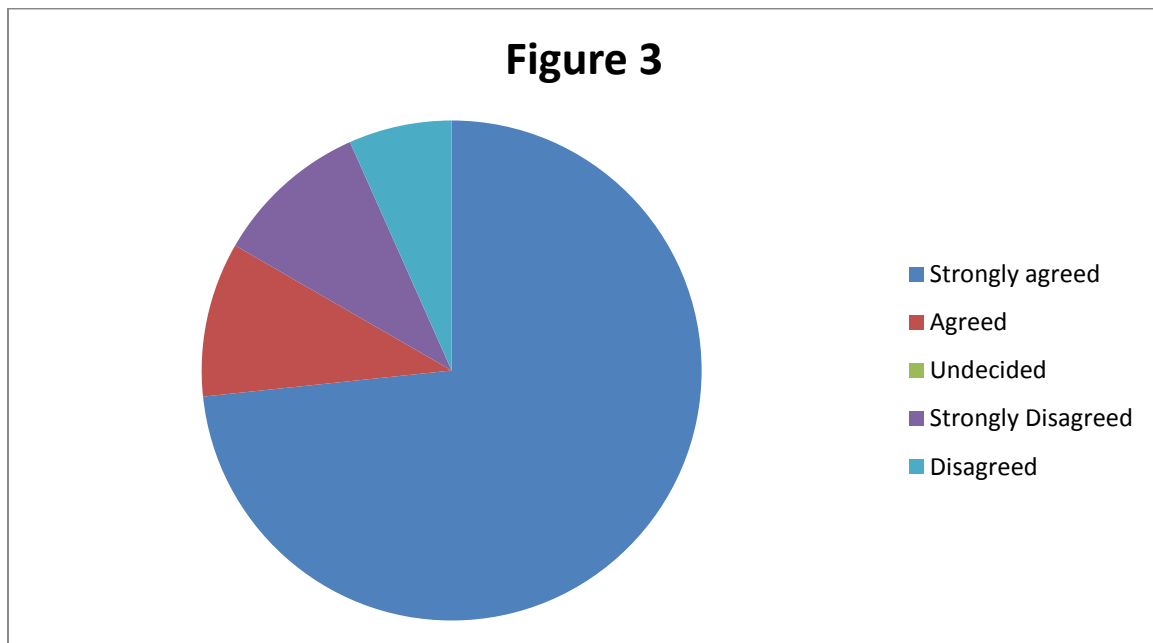


Figure 3:

Field Survey Figure 3 above was aimed to test the null hypothesis which states that entrepreneurship is not needed for creation of wealth. Whereas the alternative hypothesis states that entrepreneurship is needed for creation of wealth. Research question 6 was used to test the hypothesis because it closely related to the hypotheses being tested. An analysis of the data shows that among the respondents surveyed, 10% of them agreed, 73% strongly agreed, 0% undecided, 10% strongly disagreed, 7% disagreed on the statement tested. The findings shows that the null hypothesis is rejected and the alternative hypothesis is accepted. This study result shows that entrepreneurship is needed for creation of wealth. This study findings agreed with the study of Akeredolu (1975) who found that entrepreneurship in developing countries and countries with economies in transition are regarded as the engine of economic growth, although they face enormous challenges in attracting investors and accessing modern technology. In addition, other researchers have reported that entrepreneurship certainly play a major role in wealth creation by creating employment income and value added, accounting for up to ninety percent (90%) of manufacturing enterprises and between forty (40%) to eighty percent (80%) of manufacturing employment. However, in developing countries, the role of entrepreneurship is even more important since entrepreneurship often offer the only realistic prospects for creating additional employment and thus reducing poverty and enhancing the quality of lives.

## VI. Recommendation and Conclusion

This study finds that government programmes on entrepreneurship has improved organizational growth and development. Banks have meet up to expectation in providing funds for entrepreneurs in the society. Entrepreneurship education has impacted positivity on Indian economy. Government policies encourage entrepreneurship development in the society. It is concluded that entrepreneurship education should be given more priority in higher institution of learning. Entrepreneurs should be encouraged by banks through low lending rate. It was concluded that entrepreneurship development has impacted greatly on unemployment in India. High and persistent rate of unemployment is a major challenge threat for economic growth in India. Although banks have performed reasonably well in providing funds for entrepreneurship it is still believed that they can do more in this regard. It is also concluded that entrepreneurship education skill acquired has assisted students in developing positive attitudes, innovation and skill for self-reliance. Finally, entrepreneurship development programme cannot survive without government support or intervention. Hence Indian government should do more in promoting the development of entrepreneurship in India. Consequent upon the above

findings, it is therefore recommended that government should increase their attention to entrepreneurship development programs. Banks should encourage entrepreneurs to borrow through low lending rate so as to provide necessary fund or capital needed. Higher institution of learning should give more priority to educating student to be entrepreneurs after leaving school to reduce unemployment rate. From the analysis of divergent constraints encountered in the course of this study, it becomes important to make some suggestions for further studies. The study should not be seen as the height of research but rather as a foundation upon which other studies can base their findings. The administered research instrument can be re-structure to accommodate more open ended responses from the respondents. The use of oral interview should be strongly introduced to gather more data and the topic of study should be broaden by other researchers. The research work though confined to some small and medium scale enterprise, the would-be researcher should endeavor to cover more SMEs irrespective of sizes.

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