



The Role of Sociological Factors in Agricultural Entrepreneurship in Karnataka

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ABSTRACT

In the context of globalisation of Indian economy through structural adjustments, the development of entrepreneurship assumes still more importance and necessitates to redefine our agriculture from traditional and subsistence oriented structure towards commercialised and market oriented one. With the present day trend of market orientation and opening up of the economy to international markets, Indian agriculture is exposed to high level of competition and seeks different sets of entrepreneurial skills. To prepare rural community to cope up with these challenges, it is of primary importance to create necessary environment through policy decisions. The important characteristic feature of underdeveloped countries is the absence of entrepreneurial ability. Entrepreneurship in the underdeveloped and to some extent developing nations is influenced by the social system which denies opportunities for creative faculties. The rigid customs, the differential status, the distrust of new ideas and lack of creative education, etc have resulted in an atmosphere which goes against innovation and new inventions. The tragedy of Indian agriculture even at the dawn of the twenty first century is that it is still unable to provide assured livelihood for a large portion of population. In contemporary thought, the entrepreneur is generally recognised as an individual factor of production along with land, labour and capital. Unlike other factors of production, individual factor has a greater relevance. This is mainly due to the fact that the individuals manage or facilitate production by combining other factors in a right proportion.

Keywords: Agricultural Entrepreneurship, Sociological Factors, and Agricultural Development.

Introduction

The Government of Karnataka has adopted the document, "Karnataka – A Vision for Development – 2020" prepared by the State Planning Board. The document presented the developmental targets, challenges and the strategies and a long-term developmental plan to achieve the targets for accelerating growth, reducing poverty and enhancing human development in the State. It postulates specific strategies that need to be translated into meaningful interventions by the State Government on partnership basis with all relevant stakeholders to achieve the goals. In the context of India, "an entrepreneur is a person, who, irrespective of his farm size and mode of operation, co-ordinates resources for running and developing his own production, processing or a production-cum-business unit. And a rural entrepreneur is a villager who shows entrepreneurship in a rural occupation". This definition covers both the production and the business spheres. Therefore it does not strictly conform to the usually accepted meaning of the term in economics which emphasises only the production aspect (organising factors of production) and also sociology which emphasises only the business aspect (undertaking of a business enterprise).

Meaning and Definition of Rural Entrepreneur

The progress of an agriculturist lies in discrete adoption of the envisaged land use combining compatible agricultural crops and perennial crops and livestock, simultaneously or sequentially, with due regard to traditional and cultural pattern of population. Entrepreneurship studies of the underdeveloped countries contain some discussion on the definitional aspect of entrepreneurship. Ultimately, they either give their own definitions or follow somebody's definitions, both of which are often flexible in their coverage, as compared to

definitions given by economists of the Western developed world. This tendency is also true of studies done in the urban context, where development is said to be more pronounced than in the rural areas. This being the case, how does a rural entrepreneur of an under-developed country appear to be so by the purely economic standards? This suggests that the meaning of entrepreneurship should depend upon the level development of the country. And, as such, it should change from the developed countries to the underdeveloped countries and from the rural areas to the urban areas. This would also help understand the key question of why, entrepreneurs of the underdeveloped countries fail to develop on modern capitalistic lines.

Importance of Entrepreneurship

The important characteristic feature of underdeveloped countries is the absence of entrepreneurial ability. Entrepreneurship in the underdeveloped and to some extent developing nations is influenced by the social system, which denies opportunities for creative faculties. The rigid customs, the differential status, the distrust of new ideas and lack of creative education, etc go against innovation and new inventions. The tragedy of Indian agriculture even at the dawn of the twenty first century is that it is still unable to provide assured livelihoods for a large portion of population. Developing rural entrepreneurship is a very important task in the Indian context as it is a predominantly a rural country, and also the poverty is more pronounced in the rural areas than in the urban areas.

Review of Literature

In the under developed societies, entrepreneurship remains confined to select traditionally dominant communities and groups; new entrepreneurs generally do not emerge from a wider cross section of the society. Further, the new entrepreneurs encounter problems arising out of the institutional set up, political climate, implementation of policies concerning raw material, sales tax and labour legislations, value orientations of entrepreneur towards the nation and their families, competition between small and big entrepreneurs and the level of economic development.

Habert and Link (2012)

This non-treatment of entrepreneurship by Smith set the trend for analysis for the later classical economists, noticeably Ricardo who assumed that capitalists act rationally in seeking to maximize profits but failed to explain the nature of the trouble and risk involved in investing. This legacy was "bequeathed to Karl Marx who embellished and passed on the idea of the capitalist bogey, that is, the parasite 'extortionist' who sucks profit from the "industrious" people of the society".

Robinson et. al. (2014) opines, the approach does not help predict who will or will not be an entrepreneur. At best, the approach helps in defining a profile of entrepreneurs within a given socio economic context. A number of studies are available on the rural entrepreneurs and owners of village-based micro-enterprises. These studies help in understanding a complex phenomenon of promoting a small business in a rural economy.

K.L. Sharma and H. Singh (2015) found that the entrepreneurs were not optimistic about the consultancy services of the Government agencies, for they were not efficient and quick in operation. More Important is the fact that for better performance/better industrial climate, tool room facilities, equitable distribution of raw materials, availability of electricity etc are essential.

Anuradha Prasad (2017) in her study of entrepreneurship development under the program of Training Rural Youth for Self Employment (TRYSEM) finds that the entrepreneurs were from diverse socio-economic background and individuals with lower socio-economic background had a higher discrepancy between their aspirations and achievement than individuals from a higher school status. The study suggested that while selecting candidates for an entrepreneurship Development Program preference to be given to those having experience in trade, professional education, family resources and financial support.

Research Gap

Though the subject of entrepreneurship has attracted the attention of scholars in most parts on India, the foregoing review of studies reveals that there are not many studies conducted on agricultural entrepreneurs. Most of the studies are based on economic analysis or technological transformation and related themes. It is very difficult to find studies which analyse agriculture enterprise in terms of a sociological perspective. Here an attempt is made to fill this gap.

Objectives:

In this paper an attempt is made at achieving the following objectives.

1. To understand the socio-economic characteristics of agricultural entrepreneurs.
2. To examine the role of traditions, values, socio-cultural variables in the development of agricultural entrepreneurship.
3. To suggest implications for policy, community and further research.

Methodology

Both primary and secondary data were collected for this paper. The secondary data was collected from the Gazetteers, census and other government reports. Information regarding district, taluk and upto the village level were collected from the local offices. In addition, several reports, documents along with academic reports, papers, journal articles, books etc., were consulted. Using various research techniques the primary data was collected. In order to get information on caste, demographic structure, educational level, occupation, assets holding - land, livestock etc.

Socio-Cultural Dimensions of Agricultural Entrepreneurship

The external factors include links with political leadership, access to credit, market, new technology and others. Further, the individual/personality traits like health, education, capabilities, leadership realities etc also influence agricultural entrepreneurship. Above all the nature and the natural resources play a dominant role in augmenting the income of an agricultural entrepreneur. In addition to social and ecological factors, the economic factors are also important in deciding the forward/developed and backward/undeveloped entrepreneur in these two villages. The economic factors include assets structure, i.e. type of land owned, number of livestock, mode of agricultural implements used, type of cultivation, irrigation sources etc. Here an attempt is made to see how the various factors mentioned above contribute positively or otherwise towards agricultural entrepreneurship. Besides, how farmers belonging to different caste and/or classes mobilise to further strengthen their entrepreneurial base.

Role of Caste and Kinship

As mentioned above, caste and kinship have a vital role to play in the development of entrepreneurship. For instance, the Marwari community contributing to uplift a paupered entrepreneur is a best example. This type of help is not new to the agricultural entrepreneurs in both the villages. However, such help is not freely available to each and everybody in the village. The assistance from the kinsmen depends on several factors. They include, first, the relationship between the kith and kin. Secondly, the efforts of the person in the past to tide over such a calamity. Thirdly, it depends on the personal behaviour and character of the person.

Caste and Agricultural Entrepreneurship

It is generally believed that caste plays a dominant role in shaping the destiny of a person. In the Indian context, caste is indispensable. A person is born in one or the other caste. Normally society recognises persons belonging to some caste. Persons born to inter-caste married couples are looked down upon and get treated lower than the lower and scheduled castes. Such being the social recognition of a caste, it is very difficult to disown the caste tag by any member of the community. Just as social hierarchy is associated with the caste system, so are occupation, ownership of assets, education, employment etc. It is an undisputed and foregone conclusion that there exists a direct relationship between the ritual status of caste and the economic and social development. It is also true that ritually higher castes are agriculturally good entrepreneurs. Caste and type of cultivation reveal that a large majority of Lingayats, Kurubas and other castes which enjoy ritually a higher status have also modernised their agricultural operations by introducing new varieties of crops, advanced technology etc.

Role of Social Institutions

Role of social institutions in agriculture is well-documented one. The calendars of agricultural events are more or less determined by the performance of several rituals. For instance, soon after the first rain, the village community performs the ritual, first ploughing. This ritual is called Honnaru or Honneru in this part of the country. Apart from the ritual, another important institution in the village which emphasises the inter dependence and inter relationship of different caste groups is the jajmani system. Jajmani system is prevalent in different parts of the country by different names. In northern India, it is referred to as Buluta system. In some parts of Maharashtra state, it is referred to as Mirasi system. In Andhra Pradesh it is known as Meray system. In Karnataka, it is called by different names in different parts of the state. In northern Karnataka, the term Mirasi, Baluta and Aya are used to denote the jajmani relations. In southern Karnataka, it is referred to as Adade and in the study villages it is locally known as Kaiwada; and the village service castes are grouped under one category called 'Kulavadis'.

Marriage

Marriage is an important event where a male and female are recognised as husband and wife. In the agricultural communities, marriage is not just bringing two sexes together but bringing much more than that. Here an attempt is made to know as to how the marriage functions as a medium to bring in agricultural knowledge, support etc., from one household to another household.

Result and Discussion

The econometric model tested in this section aims to identify the social factors which are correlated with the agricultural entrepreneurship and their impact upon a country's welfare. The econometric analysis is performed using a panel data consisting in annual data extracted from 2015-2019 for Karnataka. The agricultural entrepreneurship is used as dependent variable, while the independent variables are Caste and Kinship, Social Institutions and Socio-Cultural Dimensions. In order to choose the most adequate estimation method within the econometric estimation, the Hausman test is performed. As shown in the table below, the test returns a value equal to 0.00 and considering the null hypothesis of this test (that individual errors of the panel data are not correlated with the independent variables), the estimation with no effects is further performed.

Table -1 Result of Hausman Test

Correlated Random Effects - Hausman Test Equation: Panel model Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob	
Cross-section random	58.276556	3	0.0000	
Cross-section Random Effects Test Comparisons				
Variable	Fixed	Random	Var (Diff)	Prob
Caste and Kinship	-0.039514	-0.044816	0.000003	0.0031
Social Institutions	-2.027852	-2.095464	0.000141	0.0000
Socio-Cultural Dimensions	-0.042254	-0.059056	0.000130	0.1397
Entrepreneurship	2.914879	3.541847	0.008933	0.0000

According to the multiple model tested, the sociological factors have a significant influence on the agricultural entrepreneurship. In going further, the role of each factor upon the agricultural entrepreneurship is presented in the Table 2

Table 2 Results of the Tested Model

Variable	Coefficient	Probability	R ²	Adjusted R ²	Prob(F-statistic)	Durbin Watson
Correlation	-50.84372	0.0000	0.789131	0.782645	0.0000	0.097514
Caste and Kinship	-0.539843	0.0004				
Social Institutions	-4.110177	0.0012				
Socio-Cultural Dimensions	14.06569	0.0000				
Entrepreneurship	1.068711	0.0072				

The Fisher test shows the model is valid (the probability associated is 0.00). Also, the coefficient of independent factors are considered statistically different of 0, at a confidence level of 5% (the probabilities associated to each coefficient is smaller than 0.05), and therefore they are statistically significant. The cumulative variance of the independent variables conducts to the 78.91% of the variance of the agricultural entrepreneurship (i.e. R-squared is equal to 0.7891). The result of Durbin Watson test (i.e. 0.097514) confirms that the errors are not correlated. Also, the test Jarques-Bera returns a probability value of 0.12 (which is higher than 0.05), which leads to the conclusion that the errors are normally distributed.

Major Findings

1. Caste wise analysis presents a bright picture of exchange of assistance among Lingayats and followed by Kurubas. Among the remaining castes, they exchange goods and services for several other things and not for agriculture as they consider agriculture as a second occupation.
2. It is generally believed that the caste plays dominant role in shaping the destinies of a person. Just like social hierarchy is associated with the caste system, so is the case with the occupations, ownership of assets, education, employment etc.
3. One can safely conclude that there is a direct link between the ownership of agricultural implements and ritually higher and dominant caste households in the rural community. Similarly such a relationship is seen in growing commercial crops and the ritual status of the caste.
4. Social rituals continue in agriculturally backward villages, while its observance in the agriculturally developed village has been given up. Instead, it is observed in the household level. Similarly, the ritual worshipping of standing crops (Karihabba) was also celebrated at the community level in the past. However, at present, it has lost its significance at the community level.
5. It is self evident that one must invest in order to make or improve the asset structure. As mode of investment may vary from household to household so does the asset structure. Even if one intends to make an investment in a venture he or she has to face several problems.
6. A large majority of farmers were of the opinion that they were exploited by the middlemen both in the regulated markets and unorganised markets. These middlemen get commission from both the buyers and sellers. On several occasions, they get more profit than the producers. The next equally important problem

faced by the agricultural entrepreneurs in selling their produce was the remunerative price expressed that there is no mechanism in the market to ensure a minimum price for the farmer.

7. The primary and most important condition for the development of entrepreneurs in general, and agricultural entrepreneurs in particular, is the family environment. Family environment includes the social composition, economic stability cooperation among family members, division of labour or sharing the responsibilities of both farm and non-farm activities along with the household chores.
8. In addition to that the division of labour in the household determines the degree of development of agricultural entrepreneurship. There exists a direct relationship between the development of agricultural entrepreneurship and the division of labour in the family.

Suggestions

- ❖ In the light of the above discussions, the following suggestions will go a long way for the formulation of policy for the development of agricultural entrepreneurship in Karnataka as well as for the country as a whole.
- ❖ There should be co-ordination and consultation among the Central government and the state governments in the formulation of policies and programmes and also in their implementations.
- ❖ Both the central government and the state governments should develop the rural infrastructure like roads and other communication facilities so as to enable the agricultural entrepreneurs to benefit from the general developmental programmes.
- ❖ Efforts should be taken to protect the small and marginal farmers from the slavery of private indebtedness by providing crop based loans with a subsidy from the organised financial sectors.
- ❖ There is a great need for the development and improvement of skills among the agricultural entrepreneurs. Hence, a proper training manual should be developed and impart training by taking into account the needs of the different agro-climatic zones.
- ❖ The skills and techniques should be transferred to the entrepreneurs as and when they are upgraded and also new innovations should reach them at reasonably low cost.
- ❖ Incentives should be provided by offering developed implements for a better performing agricultural entrepreneur especially to those who belong to the category of small and marginal farmers.
- ❖ Watershed development activities should be taken up on a war-footing so as to conserve the natural resource base.
- ❖ Agricultural and allied activities especially animal husbandry should be encouraged not only for the optimal utilisation of labour but also for the improvement of the livelihood of the rural population.

Direction for Further Study

The understanding of agricultural entrepreneurship is important, at least, in two ways. First, all agricultural entrepreneurs are not a homogenous group. Secondly, variations are found among different categories of entrepreneur in terms of physical, social, economic factors. Thus it is felt that there is a scope for further research in several aspects related to agricultural entrepreneurship. As mentioned above, one may point out that there is no comprehensive sociological study on agricultural entrepreneurship. Hence it is recommended that more and more studies be undertaken to understand the dynamics of agricultural entrepreneurship in different socio-economic contexts. A study on the cost-benefit analysis for different categories of agricultural entrepreneurs will help the policy makers formulate appropriate programmes for the development of agricultural enterprise.

Conclusion

The division of labour in the household determines the degree of development of agricultural entrepreneurship. There exists a direct relationship between the development of agricultural entrepreneurship and the division of labour in the family. There is a distinct difference between the agriculturally developed village and the backward village in terms of the community environment. It is mostly the financial transactions and at times exchange of agricultural implements of modern type like the sprayer, pump sets, tillers, cultivators or even tractors for transport and ploughing are reported to be relevant to a large extent among large landholding and well-to-do families.

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