

Entrepreneurial Supply among the Underprivileged in an Underdeveloped Region- A Case Study of Odisha

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Abstract. The socio-economic factors such as the economic background of members, their affiliations to social sub-groups, cultural back ground, business ethics, inter alia influence the supply of entrepreneurship in a particular region. Moreover, absence of social marginality in an underdeveloped region acts as a hindrance to entrepreneurial behavior. Odisha is such a backward region in India which has exhibited some sign of entrepreneurial orientation among social groups as revealed from MSME and Economic Census data. The present study aims at examining the nature of entrepreneurship of this region.

Keywords: Social marginality, Underprivileged Class, Necessity Entrepreneurs, Opportunity Entrepreneurs, Underdeveloped regions.

1 Introduction

Entrepreneurship is increasingly viewed to be the engine of economic growth and employment creation spans a broad spectrum of national but also regional and local context (Carren and Thurik, 2003). In the early post-war period researchers attached great importance to fostering entrepreneurship in developing countries. In the words of W. Arthur Lewis (1995) economic growth is bound to slow unless there is an adequate supply of entrepreneurs looking out for new ideas willing to take the risk of introducing them. Interestingly, developing countries have markedly higher self employment rates than developed countries. The high self-employment rates may reflect limited development of formal economic and financial markets. For example, Leibenstein (1968) argued that entrepreneurship in developing countries often simply involves overcoming constraints caused by poor economic and financial infrastructure and is quite basic in nature. Therefore, it is a general phenomenon that self- employment rates are quite high in developing countries. We can further advance our arguments because the agricultural force is dominated by the self- employed and agriculture usually plays a prominent role in the economies of developing countries, Secondly, much of labor market engagement in

urban locations in developing economies (at least one-fifth according to Yamada, 1996) takes the form of informal self-employment.

Furthermore, the developing economies concern for dual labor market model of development, comprising a formal urban sector in which employees earn premium wages and an informal rural sector in which entrepreneurs receive below-average incomes (Lewis, 1955; Harris and Todaro, 1970). Such economies predict that as poor economies develop, labour will move from informal to formal sector and also at the initial stages from wage employment to self-employment. The operation of social marginality seems to be quite visible as preference for occupations or vocations hitherto not practiced by the population in the developing countries due to cultural block are opted for.

People start businesses either because they want to exploit a perceived business opportunity (opportunity entrepreneurs) or because they are pushed into entrepreneurship because all other options for work are either absent or unsatisfactory (necessity entrepreneurs). It is widely accepted that the high self employment rate in cases of developing economy is a product of necessity entrepreneurs.

Carree et al. (2002) hypothesize that there ought to be a U-shaped relationship between the degree of entrepreneurial activity and the level of development. Empirically, this is tested by using the rate of self-employment as a proxy for entrepreneurial activity. Besides dominance of self-employment, it has also been found that entrepreneurs of these regions engage in informal sectors of the economy. Some studies have confirmed that informal sector absorbs surplus manpower in the form of employment or self-employment by providing income earning opportunities for the poor (Chaudhari and Banerjee, 2007; Nelson and Bruijn, 2005). From the perspectives of this school of thought, informal work takes place in subordinated economic units that serve the competitiveness of larger firms and the self-employed entrepreneurs engage in entrepreneurial activity out of economic necessity and in the absence of alternative means of livelihood (Chen et al, 2002; ILO, 2002 a,b,c; Kapoor, 2007). Not all entrepreneurs in India however are necessity-driven as corroborated by the 2002 GEM survey of legitimate entrepreneurship. Although this global survey noted a higher incidence of necessity entrepreneurship in less developed countries, there are opportunity-driven entrepreneurship

operating in India may be operating informally not out of necessity but due to the ease and comfort of operating in this system.

Broadly speaking the business opportunities available in an economy can be thought of as the demand for entrepreneurship perspective, while the capabilities of the population of a region relates to the supply side of entrepreneurship (Verheul *et.al*, 2002 and Wennekers*et.al.*, 2002).Feeding into the capabilities side factors that are not individual specific but rather aggregate characteristics of region/ country or society to which the individual belongs. These factors, while having a quantitative demographic dimension as well as a qualitative cultural one, are nevertheless also important in shaping the supply side of entrepreneurship.

Economic backwardness and rigidity in social practices in terms of consumption behavior which is a drag on entrepreneurship perhaps move together. Both the phenomena are self-perpetuating. Regional inequality continues to be a problem of development in all countries. However, its causes have become more complex than simple attribution to the function of the market. The presence of a dominating underprivileged class in a developing economy further aggravates the understanding of their entrepreneurial behavior. Odisha is a state within India which is not only ranked at the bottom of the development parameters but also it has substantial percentage of underprivileged section of population, whose participation in entrepreneurial engagement is very low. There are several socially underprivileged groups placed in the bottom of the pyramid particularly the SCs (Scheduled Castes), STs (Scheduled Tribes) who have maintained their distinct linguistic, cultural and social/organizational characteristics along with OBCs (Other Backward Castes) group continue to survive at below sustenance level.

In a backward region like Odisha, conditions for entrepreneurship are shaped by culture, institutions, incentives and psychological endowments of individuals. Wennekers and Thurik (1999) state that demographic, cultural and institutional factors will influence the rate of entrepreneurial dynamics but are difficult to change in short term since they are structural in nature.Wennekers *et.al* (2005) concluded that government policy may have an impact on the level of entrepreneurship but that this will occur only through the gradual evolution of culture and institutions over time. Therefore, in an underdeveloped economy occurrence of social marginality a factor responsible for entrepreneurial supply is happened to be a delayed phenomenon.

The objective of this paper is to analyze the nature and characteristics of entrepreneurial supply in an underdeveloped region of India, i.e. the state of Odisha. It also attempts to examine the trend in entrepreneurial behavior over the period 1980-2006. Since the occupational choice is often influenced by social practices particularly in underdeveloped regions, role of social marginality towards preference for entrepreneurial behavior is also being conceptualized in order to understand the propensity for entrepreneurial behavior of the socially underprivileged class of the region.

Socio-economic profile of Odisha: Odisha (formerly known as Orissa) is the 9th largest State of India out of 29 States and ranked 11th in term of population as per population census 2011. It constitutes 3.47 percent of total population of India. The State has very encouraging record of having 73.45% literacy rate as compared to all-India average of 65.50% as per 2011 Census. The urban male literacy rate was 91.83% although the same for urban female was 80.70%. The State's share of rural population comes out to be 83.32% as compared to 16.68% of urban population. In terms of economic performance, it ranks at the lowest level among all the States of Indian union. The State has a substantial percentage i.e. 29.69% of population who lives below poverty line. The economy of the State is characterized by persistent poverty, unemployment, low per capita income, low capital formation, under exploitation of abundant natural resources and inadequate development of socio-economic infrastructure. Around 65% of total workers are engaged in primary sector, whereas the percentage of urban population to total population at all-India level was 27.78, the same for Odisha was 14.97 (as per 2001 Census). Odisha provides a typical social configuration of its population with a predominant size is being held by the socially underprivileged sections/groups. In terms of economic position, however, this class has relegating themselves into the marginalized class of the society. Historically, the social stratification was so strong that the dilution of occupational rigidity is a phenomenon visible only after the country got independence. As per 5th Economic Census, 2005 agricultural establishment shows a total dominance of these groups viz., 24.10% SC; 28.35% ST; and 30.31% OBC. Around 82.76% of the agricultural establishments are owned by these underprivileged social groups. In case of non-agricultural establishment the share of SC (6.15%), ST (4.42%) and OBC (25.97%) combined by constitutes 36.54%. Therefore, the industrial sector was heavily skewed in favour of the privileged social groups.

The rest of the paper is organized as follows: Section 2 discusses host of literature on scholarly work on entrepreneurship and the underprivileged class of the society; Section 3 presents the research methodology adopted in this study; Section 4 examines the share of enterprise ownership by different social groups; Section; Section 5 discusses the concept of social marginality and its applicability in a backward region like Odisha and Section 6 describes the concluding observations.

2. Literature Survey

Entrepreneurial literature on disadvantaged class of the society is available on case studies of migrant entrepreneurs, ethnic community, indigenous people and the underprivileged class are cited here so as to put the study in its proper perspective. In Indian context, the entrepreneurial literature particularly on the underprivileged class (the socially backward communities) and again that of underdeveloped regions, is in nascent state.

In a study conducted by Bhavani and Tendulkar (1997) and Golder (1985,1988) on data provided by MSME sector, efficiency and viability issues were raised about the MSME units owned by different social groups. Thorat and Sadana (2009) combine evidence from published Economic Census and NSS data in order to confirm continuing inequity between the backward castes and forward castes in the ownership of private enterprises. They found that SCs and STs generally operate at a very low level, mainly household enterprises with the prospects of employing own family members, having a low capital base and primitive technology. A study conducted by Kapoor et al. (2010), For example, has shown an increasing convergence of habits and rituals across different social groups. Desai and Dubey (2011) and Banerjee and Somanathan (2007) demonstrated difference in consumption expenditure, education levels and access to public goods. Some aspects of enterprise ownership by the underprivileged social groups have been studied by Damodaran (2008),ThoratKundu and Sadana (2010),Jodhka (2010).Dehejia and Panagariya (2012) have mentioned in their study of a significant contribution made by the socially disadvantaged groups on entrepreneurial behavior in India; whereas Ghani,Kerr and O'connel (2011) have expressed concern over the levels of entrepreneurship in India despite India having a high income level compared to other countries with their levels of entrepreneurship. Panda and Khuntia (2013) maintained that existence of a sizeable

entrepreneurial base of the underprivileged social groups in India is indicative of their contribution to employment generation through entrepreneurial activities.

The relationship between entrepreneurship and social structure has been studied in different countries as well. In a nut shell, these validate the difficulty of marginalized groups overcoming historical barriers to becoming entrepreneurs. Scase and Giffie (1980) suggest that entrepreneurs may be more likely to emerge from those groups in society which are deprived and marginal i.e, groups which are discriminated against, persecuted, looked down upon or exceptionally exploited.(Gomez (2011) summarized the Malaysian experience. Referring to ethnic Malays (bumiputras) and other indigenous people after four decades of policy attempts in the state to increase bumi representation in business the share of bumi ownership rose from 1.5% of corporate equity to 21%. Peredo, Anderson; Galbraith, Honig and Dana (2004) found that the efforts of indigenous people themselves led to enhanced social and economic position through entrepreneurial engagement. Perhaps the most researched are the indigenous people of North America, particularly Native American Indians and Canadians Inuit but there are many interesting studies of indigenous entrepreneurs around the world. For example, Frederick Howard H. (2006) while conducting a study on Maori, the indigenous entrepreneurs of New Zealand and Aboriginal people of Australia found a declining entrepreneurial behavior among the aboriginal Australian. Some of the impediments to success include an economic tradition not steeped in capitalism and a lack of capital. Indigenous Australian often exists isolated and alienated within an economy that is so different to their communal environment. In contrast the Maori of New Zealand have excelled at establishing an entrepreneurial culture. It was found in this study that Maori entrepreneurs are largely opportunity entrepreneurs, but wealth creation is not as important a motivation as is independence (Evederick, 2006). It is true, as the literature suggests that disadvantaged people might actually become entrepreneurs more frequently than other people? Here we must conclude that the evidence from Australia and New Zealand is mixed.

Studies like Malaysia, Australia aboriginals or Maori of New Zealand made attempt to qualitatively conclude on the entrepreneurial behavior of socially disadvantaged groups. In the past decade economists have tried to quantify some of the barriers to entrepreneurship, influenced by the work of De Soto (1989).

Many studies have examined cross-country determinants of entrepreneurship although study of marginalized groups per se, was not aimed at. In general, these studies do show that more onerous regulations deter entrepreneurship (Klapper et.al 2006), that reduction in the number of procedures required initiating a business help entrepreneurs (Bruhn 2010) and that increased growth opportunities lead to increased mobility from informality to the formal sector. KaivanMunshi's empirical analysis illustrates the importance of social networks in finding jobs or climbing out of poverty (Munshi 2003,2011). Like this many studies suggest that marginalized groups get more of a helping hand from their own community however, construed, and than they do from top-down dismantling of generalized regulatory barriers.

Iyer and Schoar (2010) showed that community ties influence the entrepreneurial behavior in a controlled setting in India. Kalnins and Chung (2006) examine this matter for Gujarati entrepreneurs in the hotel industry in the U.S. Vissa (2011) demonstrates that in knowledge-intensive industries entrepreneurs tend to privilege those who are from their own caste group and speak their own caste language in attempting to form an enterprise.

In the large and rapidly growing literature on the informal sector, and in stark contrast to the literature on entrepreneurship, investigating the relationship between entrepreneurship and informal sector has moved ever more centre stage. Conventionally, the study of informal sector was dominated by the structuralist school of thought which depicts the informal sector as absorbing surplus labour by providing income-earning opportunities for the poor (Chaudhuri and Banerjee, 2007; Nelson and Bruijn,2005). Over the past decade or so, however this observation has largely been transcended. It is now recognized that a large proportion of jobs are in the informal sector in most countries: 48% of non-agricultural employment in North-Africa; 51% in Latin America 65% in Asia and 72% in Sub-Saharan Africa (ILO, 2002b.). Contrary to this structuralist depiction of informal work as wage employment, however, it has been revealed that a large proportion is conducted on a self employed basis;70% in Sub-Saharan Africa,62% in North Africa,60% in Latin America and 59% in Asia (ILO,2002b). Rather than viewing informal workers as low-paid waged employees working under sweatshop conditions, it was recognized that such workers have been widely re-conceptualized as persons displaying attributes, traits and qualities of entrepreneurs.

This more entrepreneurial re-reading of the informal sector first emerged in a majority (Third) world context (Cross, 2000; Cross and Morales, 2007; De Soto, 1989, 2001; ILO, 2002a; Rakowski, 1994). As the ILO (2002a,p.54) asserts, the informal sector represents an incubator for business potential and transitional base for accessibility and graduation to the formal economy and informal entrepreneurs 'display real business acumen', creativity, dynamism and innovation. In recent years, however, this depiction of informal sector as a hidden enterprise culture has also begun to take hold in western economies and post-socialist societies (Snyder, 2004). Until now, however, most informal entrepreneurs have been widely believed to be necessity-driven. However, with the deficiency of exhaustive research, this assigning of necessity motives to informal entrepreneurs has been based on assumption of prevailing economic conditions of a country and certainly requires wider research to prove otherwise. This paper will add to the existing literature on entrepreneurship and the underprivileged class in an underdeveloped economy.

3. Methodology and Research Design

This is an indicative study based on secondary data published by MSME (Micro, Small & Medium Enterprises) and Economic Censuses on enterprise ownership by different social groups in the state of Odisha. The period for the study comprises 1980 Economic Census and onwards, i.e., 1980 to 2005. To supplement, data published by 4th MSME Census 2006-07 have also been used. As an intervention inputs for promotion of entrepreneurship certain independent variables such as infrastructure support, per capita incomes (NSDP) have been identified in order to examine the prevalence of social marginality resulting in enterprise creation by the underprivileged social groups of Odisha.

The attempt here is to codify the phenomenon of social marginality with the help of socio-economic variables relevant for the purpose. The socio-economic variables used here to codify social marginality are rate of growth in population, their literacy rate, level educational attainment of the population, infrastructural support by the state for entrepreneurship, increase in NSDP of the State. For this it has been conceptualized that decline in population growth with an increase in literacy rate, coupled with an increase in unemployment among persons with higher educational attainment have propensity for alternative non-traditional occupational choices which were historically least preferred due to socio-cultural and hierarchical social order as was

prevalent in a stratified society. Wherever time series data on these aspects were available regression model was devised to study the impact of variables contributing to entrepreneurship in the state of Odisha. Otherwise, compound annual growth rate (CAGR) of factors having bearing on the phenomenon of social marginality was evaluated.

4. Results and Interpretations

4.1 Enterprise Ownership by Social Groups.

Table 1 depicts the ownership of enterprises by different social groups, viz, SCs, STs, OBCs and the 'others'. The SCs, STs and OBCs constitute the underprivileged social groups (backward Castes) whereas the 'others' category belongs to the socially privileged (forward Castes) groups. The enterprise ownership pattern for non-agriculture own-account enterprises (self-employment without having any hired workers) and establishments (hired workers employed therein) for the period 1980 to 2005 covering four Economic Censuses are shown in the table. The SC-owned enterprise were within the range of 15.37% to 18.67% of the total owned account enterprise whereas their share in establishment was as low as 1.94% to 6.14% of enterprises under total establishment as revealed from the Economic Census data of 1980 to 2005. Similarly, the ST-owned enterprises' share out of total own account enterprises was dwindling at 7.67% to 15.48% of total Own account enterprises during the aforesaid period. The share of ownership of ST in establishment was dismally low. It was as low as 1.95% in 1980 and as high as high as 4.48% in 2005. Nevertheless a growing tendency was noticed among the entrepreneurs under ST-owned establishment. The OBCs' (Other Backward Castes) share in Own account enterprises was 32.62% in 1998 which rose to 39.83%. It is quite evident from the above that the SC entrepreneurs' share was consistently maintained with less than 20% of total Own account enterprise; which was more than their share of total population in the State (SCs share of population was almost 16%).

On the other hand, the ST entrepreneurs contribute to less than 16% of enterprise ownership, although their share of population was around 22%. In all these Census data the privileged social group domination in ownership of Own-account enterprises was quite evident. i.e. around 70% or so. But one interesting phenomenon can be inferred from the table1 is that the proportion of holding of own account enterprise by the privileged social groups was declining from 1980 onwards i.e., during 1980 the rate of ownership was 75.10%, 1990-71.18%; 1998-

67% (including OBCs). The declines in share of own account enterprises of privileged group are an indicator of increasing interest of the underprivileged group towards entrepreneurial engagement in the form of self-employment. In case of enterprise ownership for establishment it was the privileged class entrepreneurs who have the domination i.e., 96.11% (1980); 94.81% (1990), 74.78% (1998) and 63.41% (2005) of the total enterprise under establishments. The deceleration in the percentage ownership in case of other social group over the period under study further establishes the growing preference of entrepreneurial options by the population belonging to underprivileged class although the deceleration was quite minimal i.e. from 96.11% in 1980 to 63.41% (without OBC-owned enterprises) 89.38% (including OBC) in 2005.

The regional distribution of own-account enterprise ownership among different social groups is shown in Table 2. The SC-owned own account enterprises in rural areas was 18.48% in 1980; which increased to 20.30% in 1990 although later declined to 18.21% in 1998 and subsequently to 16.58% of total own-account enterprises respectively in these years. The ST-owned enterprise share was increasing from 8.91% in 1980 to 12.05% in 1990 and further to 17.96% (1998) in rural areas although it declined to 15.14% in the year 2005. Similar was the situation for OBC. The OBC-owned own account enterprises were showing an increasing share in rural areas during 2005 as well with a 33.61% of total own account enterprises owned by OBCs in 1998 their share jumped to 41.59% in 2005. While the underprivileged groups (SC,ST and OBC- owned enterprises) growing preference for entrepreneurship was noticed in rural areas, the privileged groups ownership share was decelerating during this period. This indicates preference for entrepreneurial behavior in rural-Odisha by the underprivileged groups as revealed from the table. The share of ownership in own account enterprises of the privileged group in the year 1980 was 72.61% in rural area , which declined to 67.66% in 1990, which further nosedived to 30.22% in 1998 and ultimately landed at 26.69% in 2005. A declining rate of holding of own account enterprise by the socially privileged class along with an increasing proportion of ownership by socially deprived class shows of an entrepreneurial tilt of the underprivileged class in rural Odisha.

The situation in urban region however, indicates a different story. The underprivileged class together failed to make any dent in terms of size of holding of enterprise ownership of own-account enterprises as their share was as low as 2.65% (ST in 1980) 11.44% (SC in 1998) and

28.40% (OBC in 1998). In case of social group ST, the size of own account ownership in urban areas was quite dismal. On the other hand, the socially privileged class dominated its presence in urban regions by holding around 85% of total enterprises in these regions during 1980 and continues to enjoy an enviable position and collectively the underprivileged class placed themselves as a distant follower(see Charts).

The Establishment (with hired workers) enterprise speaks up a different story altogether. Whether it is rural or urban region the dominating position was held by the socially privileged class in terms of enterprise ownership. The SC owned establishment have however, shown some improvement showing a continuous growth in terms of percentage holding of ownership in respective years, although in term of its size of holding it account for not more than 4.51% of total Establishment. Similarly in urban region the ST owned enterprises have shown some improvement although very modestly. Since 1998 onwards, there has been a declining trend in term of percentage of ownership of Establishment in case of privileged social groups, at the same time however, the underprivileged group have enhanced their presence by improving their percentage share in ownership of Establishment in both rural as well as urban regions as revealed from Table-3.

In the preceding pages the year-wise data on percentage ownership of own-account enterprises and establishment by different social groups have been analyzed. To corroborate our analysis table-4 shows the general growth trend between different Census for different social groups so as to find any discernible trend if any for establishing the propensity for entrepreneurial behavior among the socially underprivileged class in an underdeveloped State of Odisha. The Owned account enterprises belonging to SC group has shown a declining trend in enterprise creation for the period 1980-90 to 1998-2005, whereas they have shown a growth rate of as high as 165.51% in the period 1998-2005 in the enterprises under Establishment. This indicates a shift from self-employment at a subsistence level to Establishment with hired workers. It is also an indicator of growth in the size of operation. The rate of ST-owned enterprise creation with hired workers was also showing a high growth rate of 51.54% (1980-90) to 118.07% (1998-2005) during 1980-2005. The OBC group has also shown a growth rate of 144.26% for the period 1998 to 2005 in case of ownership in Establishments. The period 1990-1998 was however a very bad period for socially privileged class as a negative growth of 9.18%

was noticed during this period for the ownership in Establishment. Interestingly whether it is SC group, ST group or the others (forward/privileged group) there was a persistently declining trend in Own account enterprise ownership. Unlike the privileged social group, the increasing growth trend in enterprise ownership particularly of establishment (hired workers) is indicative of growth in size as well as a sign of entrepreneurial maturity in the sense of growing acceptance of entrepreneurship as vocation. It may also be inferred that the loss of the privileged class (in terms of decline in enterprise creation) might have been the gain of the underprivileged class. Considering the level of development of Odisha, it is imperative that a negative motivation for survival might have prevailed over in seeking an occupational choice not preferred or practiced so far by this class (underprivileged class).

Table 1: Social Groups and Enterprise Ownership (Non-agricultural) Own Account Enterprises and Establishments

| | 1980 OWN- A/C | EST. | 1990 OWN A/C | EST. | 1998 OWN A/C | 1998 EST. | 2005 OWN A/C | 2005 EST. |
|--------|------------------------------|---------------------|-----------------------------|--------------------|-----------------------------|----------------------|-----------------------------|----------------------|
| SC | 97.610 (17.23) | 3519 (1.94) | 140,630 (18.67) | 8223 (3.13) | 173972 (16.93) | 12111 (4.00) | 174064 (15.37) | 31066 (6.14) |
| ST | 43,456 (7.67) | 3564 (1.95) | 76,499 (10.15) | 5,401 (2.06) | 159081 (15.48) | 10368 (3.43) | 145313 (12.83) | 22610 (4.47) |
| OBC | | | | | 335179 (32.62) | 53738 (17.79) | 451132 (39.83) | 131261 (25.97) |
| OTHERS | 4,25,239 (75.10) | 1,74,966 (96.11) | 5,36,431 (71.18) | 248,746 (94.81) | 359201 (34.97) | 2,25,898 (74.78) | 3,62,058 (31.97) | 320508 (63.41) |
| TOTAL | 5,66,305 (100) | 1,82,049 (100) | 7,53,560 (100) | 2,62,370 (100) | 1027433 (100) | 302115 (100) | 1132567 (100) | 505445 (100) |

Source: Economic Census of Odisha, Govt. of Odisha, 2005. Figures in the bracket represent percent

Table 2: Social Groups and Enterprise Ownership (Region wise) Non-agricultural

| SOCIAL GROUPS | 1980 RURAL | 1980 URBAN | 1990 RURAL | 1990 URBAN | 1998 RURAL | 1998 URBAN | 2005 RURAL | 2005 URBAN |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| SC | 84027 (18.48) | 13583 (12.15) | 122498 (20.30) | 18132 (12.06) | 151742 (18.21) | 22230 (11.44) | 149875 (16.58) | 24189 (10.58) |
| ST | 40492 (8.91) | 2964 (2.65) | 72688 (12.04) | 3811 (2.53) | 149644 (17.96) | 9437 (4.86) | 136886 (15.14) | 8427 (3.69) |
| OBC | | | | | 280014 (33.61) | 55165 (28.40) | 375981 (41.59) | 75151 (32.88) |
| OTHERS | 3,29,991 (72.61) | 95,248 (85.20) | 4,08,088 (67.66) | 1,28,343 (85.41) | 251738 (30.22) | 1,07,463 (55.30) | 241243 (26.69) | 120805 (52.85) |
| TOTAL | 454510 (100) | 111795 (100) | 603274 (100) | 150286 (100) | 833138 (100) | 194295 (100) | 903985 (100) | 228572 (100) |

Source: Economic Census of Odisha, Govt. of Odisha, 2005, Figures in the Bracket represents percentage.

Table 3: Social Groups and Enterprise Ownership (Region wise) Non-agricultural

Establishment (With Hired Workers)

| SOCIAL GROUPS | 1980 RURAL | 1980 URBAN | 1990 RURAL | 1990 URBAN | 1998 RURAL | 1998 URBAN | 2005 RURAL | 2005 URBAN |
|---------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|------------------|
| SC | 3386 (2.57) | 961 (1.65) | 6,529 (3.63) | 1694 (2.05) | 9046 (4.33) | 3065 (3.28) | 24539 (6.80) | 6527 (4.51) |
| ST | 3674 (2.79) | 433 (0.75) | 4,770 (2.65) | 631 (0.76) | 8856 (4.24) | 1512 (1.62) | 19391 (5.38) | 3219 (2.22) |
| OBC | | | | | 34998 (16.77) | 18740 (20.06) | 95917 (26.59) | 35344 (24.41) |
| OTHERS | 124584 (94.64) | 56718 (97.60) | 168472 (93.72) | 80,274 (97.19) | 155787 (74.66) | 70,111 (75.04) | 220830 (61.23) | 99678 (68.86) |
| TOTAL | 131644 (100) | 58112 (100) | 1,79,771 (100) | 82,599 (100) | 208687 (100) | 93428 (100) | 360677 (100) | 144768 (100) |

Source: Economic Census of Odisha, Govt. of Odisha, 2005, Figures in the Bracket represents percentage

Table 4: Growth in Enterprise Ownership among Social Groups (Non-agriculture Sector)

| SOCIAL GROUPS | OWN ACCOUNT ENTERPRISES | | | | ESTABLISHMENT | | | | GROWTH RATE (%) | | | | | |
|---------------|-------------------------|--------|---------|---------|-------------------|--------|--------|--------|-------------------------|------------|------------|---------------|------------|------------|
| | ECONOMIC CENSUSES | | | | ECONOMIC CENSUSES | | | | OWN ACCOUNT ENTERPRISES | | | ESTABLISHMENT | | |
| | 1980 | 1990 | 1998 | 2005 | 1980 | 1990 | 1998 | 2005 | EC 1980-90 | EC 1990-98 | EC 1998-05 | EC 1980-09 | EC 1990-98 | EC 1998-05 |
| SC | 97.610 | 140630 | 173972 | 174064 | 3519 | 8223 | 12111 | 31066 | 44.02 | 23.71 | 0.05 | 133.67 | 47.28 | 165.51 |
| ST | 43456 | 76499 | 159081 | 145313 | 3564 | 5401 | 10368 | 22610 | 76.03 | 107.95 | 0.65 | 51.54 | 91.96 | 118.07 |
| OBC | | | 335179 | 451132 | | | 53738 | 131261 | | | 35.59 | | | 144.26 |
| OTHERS | 425239 | 536431 | 359201 | 362048 | 174966 | 248746 | 225898 | 320508 | 26.15 | 30.03 | 0.79 | 42.16 | -- 9.18 | 41.88 |
| TOTAL | 566305 | 753560 | 1027433 | 1132557 | 182049 | 262370 | 302115 | 505445 | 33.06 | 36.34 | 10.23 | 44.12 | 15.15 | 67.30 |

4.2 Social Marginality – Testing The Theory In An Underdeveloped Region

Entrepreneurship has emerged as a bona fide focus of public policy, particularly with respect to economic growth and employment creation. The entrepreneurial economy dictates a decidedly new public policy direction that not only spans many, if not most, institutions, but also leaves virtually no aspect of the economy untouched. Thus entrepreneurship policy may actually be less about specific new instruments or agencies and more about how traditional policies and agencies need to be redirected from their traditional role in the managed economy to a very different orientation in the entrepreneurial activity (Audretsch and Beckmann, 2001).

Entrepreneurship policy is considerably more pervasive embracing a broad spectrum of institutions, agencies and different constituency groups. Rather, it follows from Audretsch and Thurik (2001) that just as the managed economy dictated a cohesive policy approach, the entrepreneurial economy also mandated a cohesive and persuasive policy approach that spans all facets of society not just economic policy. Comparing the level of entrepreneurship across nations is difficult for several reasons. The lack of a universally agreed set of indicators and of a generally accepted definition of entrepreneurship makes measurement and comparison of the level of entrepreneurship for different time period and countries a challenging exercise. One can take a 'static' or a 'dynamic' perspective (Wennekers & Thurik, 1999). The self-employment or business ownership rate is an important static indicator of the level of entrepreneurship as is the number of small and medium-sized enterprises in a country.

Around the world there is growing social awareness that policies directed to reigniting and/or developing new local/regional entrepreneurial activity has the potential to dramatically improve the economic and social positioning of its participants. Best – practice lessons show that the poor (both indigenous & non-indigenous) can achieve improved standards of living through enterprise (Commission on private sector development, 2004; Annan, 2004), while there is substantial literature particularly in North America regarding 'minority entrepreneurship', the field of indigenous entrepreneurship is very underdeveloped (Sullivan & Margaritis, 2000; Foley, 2003). Some research looks at entrepreneur in the context of being underprivileged, deviant or marginalised characters.

Shapiro (1975) addressed the issue of the entrepreneurs as being a displaced person. This corresponds with what is called the social marginality theory put forward by Stanworth and Curran (1976) who suggest that the perceived incongruity between an individual's prodigious personal attributes and the position he or she holds in society might propel them to be entrepreneurial. Hagen (1962) suggests that where the behavior of a group is not accepted or where a group is discriminated against, then a psychological disequilibrium would occur. This might drive a person into enterprising behavior to compensate for these lacks. In the line with the social marginality theory given by Stanworth and Curran it is assumed that the discontinuity between the individual's personal attributes and the role(s) which the individual holds in society will be visible due to impact of both internal and external environmental factors. For example

with a decline in population growth, with a high literacy rate coupled with an increase in supply of educated youth, the propelling impact on occupational choice on sectors hitherto undesirable may be the most preferred one. The attempt here in this section is to examine the adoption of social marginality by different social groups in the State of Odisha.

SOCIAL MARGINALITY & ENTREPRENEURIAL ORIENTATION-A decline in the rate of population growth along with an increase in literacy rate indicates deviation from the demands of a traditional social order. In other words, a large family as an economic support through more number of wage earners gets substituted with a small family opting for alternative and non-traditional engagements for sustenance as well as economic well being. This also holds good as preference for high educational attainment increase resulting in pressure on finding alternatives to wage-employment. In case of Odisha, there is a decline in decennial growth rate of population compared to the growth rate for India as a whole. Since 1951 the CAGR rate has been showing negative growth resulting in decline in proportion of Odisha population in India's total population from 4.32% in 1901 to 3.47% in 2011. The literacy rate has also been rapidly increasing from 25.24% in 1961 to 73.45% in 2011 at a CAGR of more than 20% (*Source: Odisha State Profile, MSMEDI, Cuttack, 2011-12*). The recent data (2011) on higher educational attainment as per MSME data shows that graduates with nearly 17% CAGR ; other diploma holders with more than 13% CAGR technical graduate with 7.11% CAGR in comparison to 2010, exhibit evidence of preference for exploration on new and non-traditional volition. With affirmative action by the state in providing access to higher education through reservations for underprivileged class, prevalence of social marginality has boosted a high rate of self employment. A high rate of self employment although is an indicator of underdeveloped economy of the state, the social marginality acted as an instrument for finding preference for people opting an occupation which was either socially disallowed or least preferred are being adopted. The presence of large size of technical manpower is yet another factor responsible for prevalence of social marginality. Our assertion is further corroborated by the fact that preference for alternative form of employment including entrepreneurship is increasing day by day as the share of primary sector in NSDP is receding at a negative CAGR rate(-6.55%, -5.41%, -3.53% for the period 2009-10, 2010-11, & -3.53% respectively),(see MSMEDI, Cuttack, 2011-12).

Similarly, the decline in the secondary sector's contribution to NSDP and substantial growth in the tertiary and finance and services sector indicate a shift in the occupational choice(See,MSMEDI,Cuttack, 2011-12). In other words, no longer social/community dictate dominates the occupational choice a reason sufficient to justify prevalence of social marginality. A substantial growth in the technical graduate students and specific skill oriented diploma holder during 2009-12 (see: MSMEDI' Cuttack), corroborate the shift in occupational choice. To test the concept of social marginality the role of state as an interventionist as well as the general economic conditions (NSDP) prevailing in the state are used.

A regression run was placed with State intervention through infrastructure provision (i.e. power supply for enterprise creation) and prevailing economic conditions through (per capita) NSDP as two independent variable X1 & X2 respectively to verify their impact on enterprise creation as the dependent variable Y. Due to lack of availability of time series data on financial support by the State as an independent variable could not be considered. Therefore, only power supply and Per Capita NSDP (Net state domestic) product were considered in the regression analysis. Table 6 shows data on the regression analysis. There exist a significant (at 10% level of significance, see table 7) relationship between growth of NSDP (X2) and growth in number of enterprises (Y), which indicates that the improvement in the general macroeconomic condition has impacted the enterprise creation in Odisha. The role of State in terms of infrastructural support was not found to be significant as far as entrepreneurial orientation is concerned. In other words, the State's effort in providing infrastructure for initiating enterprise formation has not made any dent on the people of Odisha. Rather the boost in self employment (Not due to opportunity but because of necessity) has impacted on growth in enterprise creation due to people initiative for finding alternate mode of occupation Hence entrepreneurial supply in the State of Odisha is the result of operation of social marginality as well.

Table 6: Number of Enterprises, NSDP at Current and Installed Capacity during 2002-2009

| YEAR | NO. OF ENTERPRISE | INSTALLED CAPACITY | PER CAPITA NSDP AT CURRENT |
|---------|-------------------|--------------------|----------------------------|
| | Y | XI | X2 |
| 2002-03 | 4008 | 4695.34 | 11688 |
| 2003-04 | 4431 | 4815.34 | 14169 |
| 2004-05 | 4511 | 4845.34 | 17650 |
| 2005-06 | 4786 | 5073.48 | 18846 |
| 2006-07 | 4556 | 5178.89 | 22237 |
| 2007-08 | 4710 | 6067.9 | 27735 |

| | | | |
|---------|------|---------|-------|
| 2008-09 | 4806 | 6745.75 | 31416 |
| 2009-10 | 4907 | 7990.25 | 34361 |
| 2010-11 | 5016 | 9456.6 | 40412 |

Table 7: Regression Results

Dependent variable:
Number of Enterprises

| | Intercept | Installed Capacity (X ₁) | Per Capita NSDP at Current (X ₂) |
|---|--------------------|--------------------------------------|--|
| Coefficients | 4199.63 | -0.100 | 0.0431 |
| S.E. | (285.011) | (0.111) | (0.019) |
| P-values | 0.000 ^a | 0.404 | 0.064 ^c |
| R-Square- $r^2 = 0.77$, F-value = 10.617 (p -value=010 ^b) | | | |

^a indicates the significance at 1% level of significance

^b indicates the significance at 5% level of significance

^c indicates the significance at 10% level of significance

5 Concluding Observations

Supply of entrepreneurship in Odisha is an uneven phenomenon as the State has a substantial size of its population in the category of underprivileged class. The social configuration is typically dominated by the SC, ST and OBC social group (the underprivileged class) who are also economically the least recipient of the benefits due to economic growth. Conversely, the social group 'Others' (the privileged class) holding a small share of population, owns substantially a higher percentage of enterprise in non-agricultural sector. Whereas, together the underprivileged class hold around 65-67% of share of population, the enterprise ownership by them was limited to 37% of Establishment (with hired workers) as per Economic Census 2005. On Own- account enterprise ownership however, their share of ownership (66%) justifies their share in population. Within the underprivileged group the ST- owned enterprise share in ownership of Own-account enterprise was less in comparison to their share in the population. Not only that the ST group has shown a very dismal show on ownership of Establishment also. In spite of this there has been a declining trend from 1980 onwards of rate of ownership of Own-account enterprise in the category of 'Others' (privileged group). During the same period the underprivileged group has shown increasing interest on enterprise creation. This phenomenon was seen in rural areas. In urban region the underprivileged class taken together has started to make some dent in terms of enlarging their participation in entrepreneurship. Interestingly, since

the year 1998 and onwards some improvement in the population of enterprise ownership by the underprivileged in the Establishments was noticed in urban areas of Odisha. In case of ownership of Establishments the socially privileged class enjoys a dominating position both in rural as well as in urban region (see Charts).

With the concentration of enterprise in own account enterprises, it can be concluded that most of the entrepreneurs among the underprivileged class operate at their household level. This also explains that the per capita investment and thereby assets holding is very low. Furthermore, the quantum of employment generation confined to members within family network. Therefore, in case of underprivileged class, the assertion that the entrepreneurial engagement is a household affairs giving little scope for modern entrepreneurial culture hold good.

However, one positive factor emerges out of it is that the huge growth rate during post-1980 period in the self-employment rate, particularly in case of the underprivileged group (in case of Odisha the self-employment rate was as high as 70% against the all-India average of 57.4% among 'others' category; 51.3% among OBCs ; 44% among STs ; and 30.7% among SC households – NSS report 66th round July2009-2010, Govt. of India) works as an incubator for entrepreneurship development.

From our conceptualization of prevalence of social marginality leading to entrepreneurial act by the social groups who have hitherto not indulged in enterprise creation because of the conditions prevailing in a stratified society, it was found that lately adoption of social marginality took place in Odisha due to economic necessity. The fact that the impact of infrastructural support not playing any significant role towards entrepreneurial orientation among the population of the State corroborates our assertion that in an underdeveloped economy as in the state of Odisha, occurrence of social marginality- an instrument of entrepreneurial orientation, is a recently acknowledged phenomenon having very minimum impact on the state of economy vis-à-vis the underprivileged class. This may also be ascribed to the fact that State's affirmative action to uplift the socio-economic conditions of underprivileged class through 'reservations' of jobs in Govt./public sector undertakings the preference for a 'soft option' (i.e., seeking Govt. jobs) overtakes the desire for a more 'risky entrepreneurial option'. Therefore, entrepreneurship as a necessity remains an option for the rest of the underprivileged class only. Perhaps, this is also a reason for poor supply of entrepreneurial talents from these communities.

It was further found that there exists a significant relationship between growth in NSDP (per capita) and growth in entrepreneurship. In other words, the growth in general macro-economic parameters of development has a propelling impact on entrepreneurship development hold good in Odisha as well, because of a large section of the underprivileged class are still kept outside the arena of entrepreneurial engagement due to its low level of economic development . The economic backwardness of Odisha is the inhibiting factor in keeping this class outside the ambit of contributors to the gain of economic development. The state is yet to create ‘opportunity’ through effective policy initiative. With this economic and social background which is prevailing in Odisha particularly the picture on self-employment among the social groups is note-worthy from policy and practice point of view. Resorting to ‘entrepreneurship’ promotion should be the first step to use the existing incubatory (self employment) environment prevailing in the state. In case of socially and economically underprivileged sections, this high rate of self-employment must be converted into entrepreneurial act through ‘intervention policy’ of the state. The state has to devise a support system in term of provision for industrial infrastructure, capital financing and others necessary training and educational needs so as to convert the existing “necessity based entrepreneurship” in to “opportunity-based entrepreneurship”. To infuse faster economic development therefore, widespread entrepreneurship development program should be initiated by the State so as to bring these underprivileged group into the arena of ‘producer’ rather than ‘consumer’ alone. Inclusive entrepreneurial development strategy is the need of the hour.

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