

Opportunity, necessity and entrepreneurial success: a farming perspective

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Although there is a diversity of motivations associated with the start-up of new businesses, there has been a trend recently to reduce them to two types, "necessity" and "opportunity". Necessity entrepreneurship is particularly associated with developing countries, where poverty is prevalent whilst opportunity is more associated with developed countries, where basic needs are met and more choice is available (Acs et al. 2005). Such reduction, however, can be criticised. It overlooks the complexity of "push" and "pull" factors in business start-ups; in particular many entrepreneurs may be motivated by both necessity and opportunity, and both may be relevant if a successful new business is to emerge. There is also a temporal dimension whereby the business environment, and perceived solutions to its challenges may change over time. Hitherto there has been little research, either on developing or developed countries, on how necessity and opportunity combine during the entrepreneurial process to achieve a successful start-up.

To explore this issue research was conducted in both a developed and developing country context. Firstly, 26 case studies were conducted among Scottish farmers in order to gain insights into the entrepreneurial processes adopted by them and the motivation behind such processes. Secondly, findings were compared and contrasted with those of case studies which had been already carried out in Sri Lanka on rural villagers, all of whom were poor and in an apparent state of poverty and necessity. These studies, though located in countries so different in terms of economic development, were set in more or less similar contexts. Both being rural environments which are highly constrained and the units of analysis being the farmer/farming households. The findings revealed that, though necessity and opportunity can both trigger the start-up of businesses, it is the opportunity driven nature of the farmers which enabled them to grow and sustain their businesses. The Sri Lankan farmers could be categorised into a majority of mono-active (the most necessitous) and a minority of pluriactive farmers who were portfolio entrepreneurs. Income generation resulted from numerous activities including the diversification of their own family labour.

Scottish farmers represented a continuum from less entrepreneurial to more entrepreneurial farmers/business operators. As in Sri Lanka the less entrepreneurial end of the continuum was represented by production oriented mono-active farmers, followed by farmers who displayed limited pluriactivity. The few entrepreneurial farmers were either portfolio or serial entrepreneurs who had managed to achieve growth and prosperity despite the constraints. Diversification among pluriactive but less entrepreneurial farmers was observed as a dominant survival strategy. Diversification of family labour and numerous production oriented agricultural activities together with more familiar traditional non-farm activities such as B&Bs and letting holiday cottages, were mostly dependent upon the availability of external funding sources. Commonly farmers were trapped by having to work long hours to earn enough income to survive. It has been the necessity which has motivated the pluriactive farmer category to initiate extra income generating options. Their survival goals and the higher degree of desire to maintain a farming lifestyle coupled with less managerial capabilities have prevented their progress further along the continuum.

In the case of more entrepreneurial farmers it was the "need" (felt by the gradual declining of farm income) to earn extra income, their "want" to capitalise upon the perceived business opportunities and their greater managerial competencies, which made them progress along the continuum. This indicates that their motivation is complex, a blend of necessity and opportunity. Although necessity triggered them to diversify, it

was their opportunity driven nature coupled with entrepreneurial and managerial skills that enabled them to grow, which was similar to that of Sri Lankan entrepreneurial farmers. This farmer category comprised of two groups based on the degree of their desire to maintain a farming lifestyle and subsequent progress along the continuum. The entrepreneurial farmers with the higher desire to adhere to farming life styles were highly dependent on farming as their core business activity. They regarded themselves as successful farmers rather than business operators. The rest, who also perceived them as business operators in addition to being farmers, were with less emotional attachments to farming lifestyles and were becoming less and less dependent on farming as their main income generating activity. They were gradually moving away from primary agricultural production activities to value addition (to primary agriculture) and service oriented businesses. In both countries successful farmers were not inhibited by lack of resources and ownership of land etc., as they increasingly used their social networks to mobilise much needed resources.

This study demonstrates that the entrepreneurial process by rural farmers takes the same form in both countries although the degree of economic development will determine the opportunities and potential for business growth. It is a process in which both necessity and opportunity combine, but in which "pull" factors predominate in achieving start-up and growth with important policy implications for promoting entrepreneurial success within the agricultural communities.

Acs, Z.J.; Arenius, P.; Hay, M.; and Minniti, M. (2005): The Global Entrepreneurship Monitor, 2004 Executive Report, London Business School and Babson College.

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