

Full Length Research Paper

Entrepreneurship development and entrepreneurial orientation in rural areas in Malawi

Charles Mwatsika

University of Malawi, the Polytechnic, Private Bag 303, Blantyre 3, Malawi.

Received 9 August 2014; Accepted 5 May, 2015

Integrated rural development under the Malawi Growth and Development Strategy is a key operational framework for achieving sustainable economic growth where rural industrialisation is earmarked as a strategy for achieving production diversity, creation of employment, reduction of poverty and curbing rural-urban migration. Entrepreneurship development has been central to this process. Existing models offer three key components for entrepreneurship development; the supportive and cooperative environments and entrepreneurial orientation. Efforts to create the supportive and cooperative environments for entrepreneurship development in Malawi have existed since the 1970s. However, lack of significant entrepreneurship development raises questions on the entrepreneurial orientation of the rural communities targeted with supporting efforts. The research investigated entrepreneurial orientation of 162 participants in two rural areas of Malawi. The results first confirm that practice of entrepreneurship is predominantly at income generating activities level. Entrepreneurship is affected by poverty, low levels of education and lack of technical and enterprise management skills. The practice of entrepreneurship is driven by push factors as such as lack of employment and no alternative sources of income to earn a living. These results do support previous empirical studies. The research however found positive mind sets and orientation towards entrepreneurship. There are positive entrepreneurial attitudes and intentions in the rural areas in Malawi. The intentions are influenced by the respondents' perceived desirability of entrepreneurship, their perceived feasibility that informs positive attitude towards entrepreneurship. These results support the theory of planned behaviour that attitude, perceived feasibility and perceived desirability are the antecedents of entrepreneurial intentions. The research further found that education and training significantly affected entrepreneurship practice but availability of finance does not affect entrepreneurial intentions. The results of this research therefore call for a review of entrepreneurship development strategies and models because despite proving the existence of entrepreneurial orientation in particular rural contexts where supportive and cooperative environments do exist, entrepreneurship has not developed to contribute to economic growth. That demonstrates the inadequacy of the existing models to guide entrepreneurship development in practice. Practical models are required that can offer guidance for entrepreneurship development in rural economies to help achieve economic growth and development.

Key words: Entrepreneurship, entrepreneurial attitudes and intentions, entrepreneurial orientation.

INTRODUCTION

Entrepreneurship and functions of the entrepreneur are probably as old as institutions of barter and exchange

(Herbert and Link, 1988) despite getting significant attention at the turn of the 21st century. Although the

concept of entrepreneurship has been in existence that long and been the focus of studies by various empirical researchers, there is no standard accepted definition of entrepreneurship (Hornaday, 1992; Watson, 2001).

Entrepreneurship is commonly equated loosely to self-employment of any sort based on the earlier conceptualisation by Cantillon (1730) and the meaning is advanced by Schumpeter (1934) and Drucker (1985) who give the emphasis of entrepreneurship on bringing innovative change and exploitation of opportunities change brings respectively. Entrepreneurship has therefore been defined as the mind set and process to create and develop economic activity by blending risk taking, creativity and/or innovation with sound management within a new or existing organisation. Shane and Venkataraman (2000) define entrepreneurship as the process by which opportunities to create future goods and services are discovered, evaluated and exploited. At the centre of this process is the entrepreneur. There is no clarity as well on who the entrepreneur is but empirical studies have tried to define the entrepreneur by looking at the characteristics. The entrepreneur is characterised as a leader (McClelland, 1961), an innovator (Schumpeter, 1934), a risk taker (Brockhaus and Horwitz, 1986), a creative thinker (Hisrich, 1986, 1988), having internal locus of control (Rotter cf. Brockhaus and Horwitz, 1986) and different from managers (Penrose, 1995).

Empirical studies have tried to understand an entrepreneur because an entrepreneur is central to the practice of entrepreneurship and development of new enterprises in an economy. An entrepreneur is an individual who establishes and manages a business for profit and growth and the activities and process of establishing and managing a business for profit and growth is entrepreneurship.

The concepts of entrepreneur and entrepreneurship have received widespread attention because of the pursuit of economic growth by countries to curb the growing poverty, hunger and unemployment which are the key challenges facing poor countries today. According to UNIDO (2003) there were 1.2 billion people living on less than \$1 per day and 75 per cent of these poor people live in rural areas. ILO (2006) on the other hand notes rising unemployment as a major challenge facing poor countries especially in Africa. 21 per cent unemployment rates prevail in Sub Saharan Africa and 22.8 per cent in North Africa. Malawi as one of the poorest countries of the world faces the same challenges of poverty, hunger and growing unemployment. Over half of the population in Malawi (50.7%) live below the poverty threshold of \$1.25 per day and 80 per cent of the poor people live in rural areas and are dependent on

subsistence agriculture (UN Country Assessment: Malawi, 2010).

Therefore entrepreneurship is seen as the vehicle for creating wealth, employment and economic growth (Acs and Audretsch, 2003; Aidis, 2005; Benzing et al, 2009; Mc Mullen et al, 2008; Schumpeter, 1934), a tool for fighting poverty, hunger and rising unemployment.

Since the early 1970s, the government and international development agencies in Malawi have emphasised on the creation and expansion of Micro Small and Medium Enterprises (MSMEs) sector as a strategy to curb the challenges of rising poverty and unemployment levels in rural communities. Several public sector organisations were created to offer training and counselling for business startups and enterprise growth as well as providing loans for startups and business growth.

The Malawi Growth and Development Strategy (MGDS) is the current overarching strategy for development in Malawi which targets to achieve sustainable economic growth. Integrated rural development is prioritised as an operational framework to transform rural economies and entrepreneurship development and creation of rural growth centres is of fundamental focus in this process.

Research problem and objective

Despite efforts dating back to the 1970s and establishment of public and private sector organisations to create and boost performance of the MSMEs sector in Malawi, entrepreneurship activities predominantly remain at income generating activities (IGAs) level. There is existence of the supportive environment with the government offering policies and direction and organisations and agencies offering enterprise development training and access to loans for startup and business growth yet the MSMEs sector is not growing to make significant contributions to rural economic development and growth. Poverty levels are persistently high with rising unemployment. That means the efforts for economic development and growth through MSMEs sector development are not bearing fruits and do not warrant continued thrust in the same direction. Although key organisations offering support to MSMEs growth and development were restructured, the strategic approaches to developing the MSMEs sector and entrepreneurship in Malawi remain the same.

Not many studies however, have been conducted in Malawi to guide entrepreneurship development strategy. The objective of the study therefore, was to investigate the entrepreneurial orientation of people in rural areas

*Corresponding author. E-mail: cmwatsika@poly.ac.mw

Authors agree that this article remain permanently open access under the terms of the [Creative Commons Attribution License 4.0 International License](https://creativecommons.org/licenses/by/4.0/)

and the implications of the supportive environment in developing entrepreneurship in Malawi. Specifically, the study assessed the attitudes and intentions of people in rural areas towards the practice of entrepreneurship, the levels of education and skills training and their effect on entrepreneurship, the effect of culture and role models in the process of developing entrepreneurship in Malawi with implications on the direction for entrepreneurship development.

The research is therefore relevant to entrepreneurship, entrepreneurial attitudes and intentions, and entrepreneurial orientation.

The concept of entrepreneurship

The word entrepreneur derives from the French verb, 'entreprendre' which means to 'undertake' (Kuratko and Hodgetts, 2007). Although there continues to be no widely accepted definitions of entrepreneur and/or entrepreneurship (Hornaday, 1992; Watson, 2001) the study of the entrepreneurship has a long tradition. Ahmed and Seymour (2007) analyses some of the definitions of the terms entrepreneurship and entrepreneur where Cantillon (1730) loosely defines entrepreneurship as self-employment of any sort and entrepreneurs as risk takers who purchased goods at certain prices in the present to sell at uncertain prices in the future. This definition of viewing anyone in self-employment as an entrepreneur is commonly used today.

Say (1816) defines an entrepreneur as the individual who unites all means of production and finds in the value of products, the establishment of the entire capital he employs and the value of the wages, the interest and the rent which he pays as well as the profits belonging to himself. Further, Schumpeter (1934) defines the entrepreneur as an individual who implements innovative change within markets which manifests new or improved goods, new methods of production, new markets, new sources of supply, and/or re-engineered business management processes. Advancing Schumpeter's (1934) thought, Drucker (1985) defines an entrepreneur as a person who looks out for change, responds to it and exploits the opportunity generated by that change.

From these definitions the key attributes ascribed to entrepreneurs include: risk taking (Cantillon, 1730); involvement in enterprise management (Say, 1816); creativity and/or innovation (Schumpeter, 1934) and entrepreneurial alertness (Drucker, 1985). Entrepreneurship has therefore been defined as the mindset and process to create and develop economic activity by blending risk taking, creativity and innovation with sound management within a new or existing organisation (Commission of the European Communities, 2003). It is concerned with the process of change, emergence and creation (Bruyat and Julien, 2000; Hartmann, 1959; Schumpeter, 1934; Weber, 1947). Shane and

Venkataraman (2000) define entrepreneurship as a process by which opportunities to create future goods and services are discovered, evaluated and exploited and at the centre of entrepreneurship is the entrepreneur.

Entrepreneurship development

Entrepreneurship development refers to the process of enhancing entrepreneurial skills and knowledge through structured training and institutional building programmes focused on individuals who wish to start or expand a business. Entrepreneurship efforts have existed in poor countries including Malawi for decades. The aim of entrepreneurship development is to enlarge the base of entrepreneurs in an economy in order to accelerate the pace at which new ventures are created thereby speed up creation of jobs and economic development. As such entrepreneurship is seen as the vehicle for creating wealth, employment and economic growth (Acs and Audretsch, 2003; Aidis, 2005; Benzing et al, 2009; Mc Mullen et al, 2008; Schumpeter, 1934).

Entrepreneurship development involves three types of related activities that stimulate, support and sustain the practice of entrepreneurship. This process involves various stakeholders that include the government and its agencies; academic institutions at all levels, primary, secondary and tertiary education and technical or vocational training; and the private sector that includes entrepreneurs, MSMEs and large companies.

These stakeholders engage, first, in stimulatory activities that arouse and motivate people towards the practice of entrepreneurship. Examples of stimulatory activities include; entrepreneurship awareness initiatives, entrepreneurship education and training, and promotion of role models in entrepreneurship etc. Stimulatory activities are aimed at changing peoples' mindsets towards the practice of entrepreneurship. Whereas the supportive activities encourage and reinforce the practice of entrepreneurship and they include developing good policies for entrepreneurship development, creating a level playing field, making available financing for start-ups and SMEs growth and development, promoting SMEs and market access, creating value chain linkages, making tax and interest rates incentives etc (UNDP, 2003).

Lastly, the sustaining activities ensure successful and sustainable practice of entrepreneurship. The sustaining activities would involve creating an environment where business development services are accessible, improving competitiveness of firms, and developing all types of infrastructure that sustains the growth of the MSMEs sector and the practice of entrepreneurship.

For the supportive environment to be effective; there should be a cooperative environment of all the key stakeholders that is actively involved in assisting with development of entrepreneurship that matches and

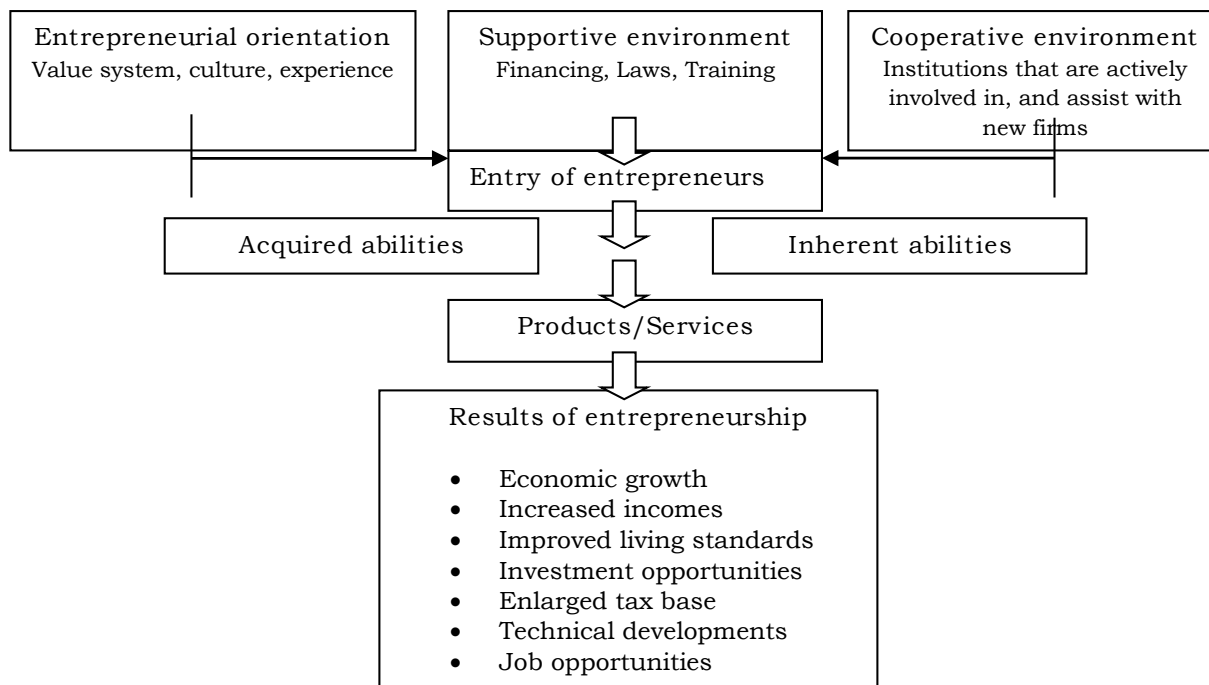


Figure 1. Entrepreneurship development model. Source: Nieman, 2003.

enhances the orientation of the population towards the practice of entrepreneurship as depicted in Nieman et al. (2003) model for entrepreneurship development (Figure 1). Entrepreneurship development stakeholders in Malawi have endeavoured to offer the supportive environment although studies by Kandoole (1997) found out that the cooperative environment is weak. No studies have however investigated the entrepreneurial orientation of the target population for the practice of entrepreneurship which is a key element for the establishment of successful entrepreneurs in an economy according to Nieman's (2003) model.

Entrepreneurship orientation and research hypotheses

The study on entrepreneurial orientation helps to generate the understanding of the factors that make people behave entrepreneurially in particular settings. The factors that enhance entrepreneurial intentions and behaviour are presented in Ajzen's (1991) Theory of Planned Behaviour (TPB) and Shapero's (1982) model of entrepreneurial event. The two models are summarised in Figure 2.

Intentions of people have been studied in various fields over time and have proven the best predictor of planned behaviour particularly when behaviour is rare, hard to observe or involves unpredictable time lags (Bird, 1988; Katz and Gartner, 1988). Entrepreneurship falls into this

type of behaviour and understanding the antecedents of entrepreneurial intentions increases the understanding of intended entrepreneurial behaviour which is important during the planning and development of entrepreneurship development programmes.

Shane and Venkataraman (2000) define entrepreneurial behaviour as the discovery, evaluation and exploitation of an opportunity whereas entrepreneurial intention is the self-acknowledged conviction by a person that they intend to set up a new business venture and consciously plan to do so at some point in future (Thomson, 2009). The two popular entrepreneurship intention models are Ajzen's (1991) TPB and Shapero's model of Entrepreneurial Event (Shapero, 1982). The TPB provides three major antecedents of entrepreneurial intentions that include attitudes towards the behaviour, subjective norms and perceived behavioural control. Shapero's model has three antecedents to entrepreneurial intentions as well that include perceived desirability, perceived feasibility and propensity to act. Understanding these antecedents of entrepreneurial intentions would enable evaluation of pre-enterprise intentions of a population and assist in effective planning for supportive and cooperative environments to exploit enterprise development opportunities and resources in particular contexts.

Bagozzi et al. (1989) and Lent et al. (1994) found that intentions are the single best predictor of planned behaviour supporting the TPB (Ajzen, 1991) and Shapero's (1982) model. A strong intention to start a business should therefore result in an eventual attempt

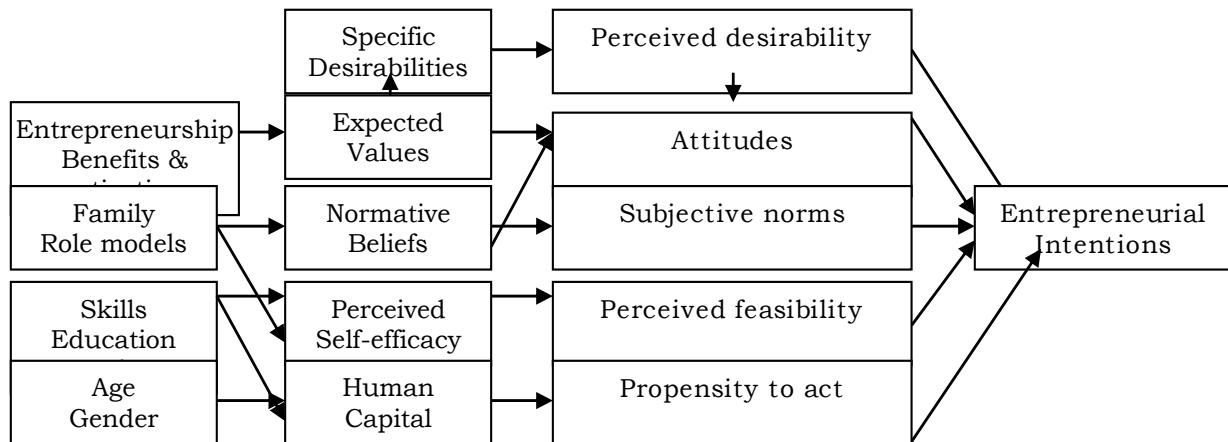


Figure 2. Summary of TPB (Ajzen, 1991) and Shapero's model of entrepreneurial event (Shapero, 1982).

even if immediate circumstances may dictate a long delay. Intentions are seen as the cause of an action and that the higher the stated intentions to execute the action the higher the probability of engaging in the act (Chandrashekar et al., 2000). Research has indicated a strong link between intentions and actual behaviour both within entrepreneurship and in a wide variety of situations (Douglas and Shepherd, 2002; Sheppard et al., 1988), thus supporting the intention models and the importance of understanding intentions during entrepreneurship development processes.

The strong intention to behave entrepreneurially is positively related to the individual's attitude towards entrepreneurship itself (Krueger and Carsrud, 1983; Lee, Chua and Chen, 2004).

Attitude is defined as a mental and neural state of exerting readiness, organized through experience, exerting a directive or dynamic influence upon the individuals regards to all objectives and situations with which it is related (Allport, 1935). The TPB indicates that attitude is influenced by individuals expected value (Ajzen, 1987) to which Shapero calls specific desirabilities because of specificity of elements that influence an individual's perceived desirability to act (Shapero, 1982) and in the process condenses attitude towards the behaviour and intentions. Studies by Ajzen (1991), Kanungo (1990) and Krueger (1993) further indicate that exogenous factors like social milieu influence attitudes towards entrepreneurship. Therefore all these studies show that attitudes and intentions are antecedents in the process of behaving entrepreneurially. Going by the current level of entrepreneurship development and practice in rural areas of Malawi it was therefore hypothesized that:

H1: Attitudes and intentions of people in rural communities are not positively aligned towards entrepreneurship.

Both intention models by Ajzen (1991) and Shapero (1982) agree on the influence of perceived feasibility on intentions. Perceived feasibility is the degree to which an individual feels capable of starting a business. And the perceived feasibility is a consequence of perceived self-efficacy which according to Bandura (1987) self-efficacy is an individual's self confidence in a given domain and is based on individual's self-perceptions of their skills and abilities. Self-efficacy reflects on the individual's inner most thoughts on whether they have the abilities perceived important to perform as well as the belief that they will be able to effectively convert those skills into a chosen outcome (Boyd and Vozikis, 1994; Scherer et al., 1989).

Seligman (1990) found that the highly self-efficacious people attribute setbacks as learning experiences and not personal failure. Studies indicate that hands on experience, explicit learning and physiological or emotional arousal influence efficacy judgments.

Entrepreneurship education and training are other key elements for developing entrepreneurial self-efficacy. Entrepreneurship education refers to activities aimed at developing enterprising or entrepreneurial people and increasing their understanding and knowledge about entrepreneurship and enterprise (Heinonen and Poikkijoki, 2006). However, general education also influences self-efficacy and attitudes towards self-employment. Poschke (2008) found that the distribution of entrepreneurs in the USA is U shaped, with entrepreneurs existing in most substantial numbers at both extremes of education. Individuals with relatively low and high levels of education attainment are more likely to become entrepreneurs. Weaver et al. (2006) found that entrepreneurs with relatively low levels of education become entrepreneurs out of necessity to survive.

Niewenhuizen (2009) attributes push factors like unemployment and having no alternatives as reasons for pursuing entrepreneurship among the lowly educated. On

the other hand, entrepreneurs with relatively high levels of education become entrepreneurs in pursuit of opportunity (Weaver et al., 2006). Shane and Venkataraman (2000) define entrepreneurial opportunity as situations in which new goods, services, raw materials and organising methods can be introduced and sold at a greater than the cost of their production.

Therefore, these studies indicate that the level and type of education influences self-efficacy and intentions towards self-employment. Malawi has high levels of low education prevalent in rural communities which should have been pushing people towards self-employment initiatives as per the literature reviewed. Based on the prevailing circumstances it was therefore hypothesized that:

H2: Education and entrepreneurship training has no effect on enterprise development in rural communities in Malawi.

This hypothesis was tested to assess the criticality of education in impacting self-efficacy of rural communities and determine the general perception of education attainment and pursuit of self-employment among the rural communities.

The other antecedent to entrepreneurial intentions is the subjective norms (Ajzen, 1991). These are individual's standard custom, beliefs guiding personal perceptions towards behaviour and usually influenced by normative beliefs, the perceived social pressures to either perform or not perform an action. Perceived social pressure comes from the societal culture, family or role models from the community.

Culture is a set of shared values, beliefs and expected behaviour (Hofstede, 1980), a collective programming of the mind that distinguishes the members of one category of people from another (Hofstede, 1989). Culture influences attitudes and behaviour and varies within and across nations and within and across ethnicities and is strongly embedded in indigenous communities. Malawi has its own culture and various ethnic tribes across the country have differing cultures too. Do these cultures among ethnic tribes in Malawi significantly affect peoples' attitudes towards entrepreneurship? This question drew the third hypothesis for the research:

H3: Cultures of rural communities in Malawi have no effect on entrepreneurial attitudes and intentions.

Positive attitudes of the surrounding community concerning entrepreneurship are likely to increase one's desire to engage in entrepreneurial activities. Studies have found that individuals who experience a positive view on entrepreneurship among their immediate contacts are more likely to have greater intention to become an entrepreneur. Kao (1993) and Siu and Martin (1992) found that among people of Chinese origin, entrepreneurial role models encourage people to go into

business supported by close networks of family members and relatives. Therefore family background and parental role modelling has been found to be most prominent factor that affect early socialization and formation of attitudes towards entrepreneurship (Mathews and Moser, 1995; Scott and Twomey, 1988). However, other studies have found that entrepreneurship role models only weakly predict future entrepreneurs (Carsrud et al., 1987) but the subjective impact of role models is a stronger predictor and affect intentions if they affect self-efficacy. The perceptions of important people in one's life affect one's perceptions towards a particular behaviour. For example, an individual's family expectations about the desirability of becoming a lawyer, doctor, engineer or entrepreneur would affect one's career choice. However, these social norms are less predictive of intentions of subjects with higher internal locus of control (Ajzen, 1987) or a strong orientation towards taking action (Bagozzi et al., 1992).

In efforts to understand the impact of subjective norms, mostly played by role models on the entrepreneurial intentions in rural contexts, the research hypothesized that:

H4: There is no role model influence in rural communities in Malawi for the practice of entrepreneurship.

Shapiro's model of entrepreneurial event (Shapiro, 1982) provides propensity to act as a key antecedent to entrepreneurial intentions. Propensity to act is a personal disposition to act on one's decisions and it is affected by entrepreneurial human capital.

Aldrich et al. (1998) define entrepreneurial human capital as experience and skills associated with business ownership and management experience and further include age, gender, level of education, education specialty and personal income (Lussiers and Pfeifer, 2001).

Studies have shown that elements of human capital help to explain some of the variances among people in their attitude towards risk for example. Older individuals are more risk averse in making career decisions and women shun entrepreneurial endeavours because they think they lack the required skills (Chen et al., 1998). Human capital elements affect perceived self-efficacy and perceived feasibility.

Other studies have found that exogenous factors mainly availability of finance affect individuals perceived feasibility as well as propensity to act. Entrepreneurs need capital support in order to develop their businesses. Studies by Dana (1987), Harrison and Mason (1988) and Hawkins (1993) show that creation of investment companies, provision of low interest loans and availability of credit guarantee schemes for small business financing, all contributed to the establishment of new businesses. Other studies establish that lack of finance is a barrier to businesses in transition economies (Pissarides, 1999;

2004; Kaganova, 2002; Aidis, 2003). In Malawi, there are several organisations both public and private who offer different funding modalities for business start-up and growth. However, with the level of entrepreneurship development in these rural areas, the research hypothesizes that:

H5: Availability of (micro) finance has no effect on propensity to act entrepreneurially in the rural communities.

Further, perceptions of resource availability are found to affect people's entrepreneurial intentions and ultimately venture creation rates. Malawi is a factor-driven economy with availability of natural resources for agriculture, tourism and extraction that would trigger economic growth. If perceptions of availability of resources affect entrepreneurial intentions, then perceptions of availability of such resources in rural communities would have affected and triggered entrepreneurial activities. However, with the level of entrepreneurship development in rural communities in Malawi the research hypothesized that:

H6: Rural communities do not perceive to have key resources for entrepreneurship development.

From the models of entrepreneurial intentions the research developed six hypotheses to be tested to understand the entrepreneurial orientation of the people in rural communities. This knowledge would be necessary in determining the dynamism of elements that affect entrepreneurship development. The knowledge would further provide insight into appropriate approaches to entrepreneurship development in particular rural contexts.

RESEARCH METHODOLOGY

An exploratory research was conducted by use of a questionnaire to investigate attitudes, intentions and factors affecting these among the rural population in Malawi. First, the questionnaire drew top-of-the-mind responses on the participants' perceptions about entrepreneurship challenges, availability of resources for entrepreneurship, the impact of role models, prevailing cultural beliefs about the practice of entrepreneurship, and existence of business development services in the areas. The top-of-the-mind questions (Lee, 2011) drew unaided responses free from any predetermined attributes, elements or factors and thus helped the researcher to understand issues in the participants' own terms and how they impact entrepreneurial activities in the local contexts.

The questionnaire further measured respondents' entrepreneurial orientation by assessing participants' degree of agreement or disagreement on a four point Likert scale on 27 statements where 6 statements were on perceptions on entrepreneurial attitudes, 6 statements on perceptions about education and the practice of entrepreneurship, 3 statements on respondents' entrepreneurial intentions, 3 statements on their perceptions about the effect of role models on respondents' entrepreneurial intentions, 6 statements on the perceptions about availability of financial assistance and its access in the rural areas and lastly, 3 statements on the respondents' perceptions on availability and access to resources for enterprise development in their areas.

The second measurement Likert scale assessed the influence of factors on respondents' entrepreneurial attitudes and intentions. The scale had 17 statements that measured respondents' perceptions on factors that influenced their entrepreneurial attitudes and intentions and these factors covered influence of education, role models, finance and resources availability and access. The four point Likert scale measurement used was as follows: 1 was equal to 'Strongly Disagree', 2, 'Disagree'; 3, 'Agree' and 4, 'Strongly Agree'. A four point Likert scale (Abhishek and Neharika, 2006) was adopted to avoid the tendency of respondents to the study from becoming more comfortable choosing the neutral midpoint that does not require them to commit to either side of the scale as is common with a five point Likert scale. Studies have shown that a four point Likert scale does not however pressure participants to making choices but improves objectivity of responses (Abhishek and Neharika, 2006). The Cronbach's Alpha of 0.625 and 0.628 for the two measurement scales respectively was just above the 0.60 which is common in exploratory research and that demonstrate that the scales were able to provide reliable measurement with internal consistency (Nunnally and Bernstein, 1994).

The questionnaire was piloted on 15 respondents in each of the two areas of study to assess comprehension and structure. Minor amendments were made following the exercise and the questionnaire was then administered to a non-random sample of 162 participants of the targeted 200. That represented a response return of 81 per cent.

RESULTS AND DISCUSSION

A total of 162 respondents participated in the research where 62.3% were males and 37.7% females. The research engaged with a youthful population; 62.9% of the participants were aged between 15 and 30 years old and 20% between 31 and 40 years old which is a fair representation of the demographic structure of the population in Malawi. It is important noting that of all the participants 38.3% attended at least primary education, 54.3% attended secondary education, 6.8% graduated from teacher training programmes and only 25.9% had informal skills training. This demonstrates the low levels of education and skills training in the rural areas in Malawi. Seven tribes were represented among the participants to the research. On entrepreneurial background of the participants, 45.7% owned and were running a business, 51.9% had attempted to start a business before whereas 72.8% had a family or relation who owned a business. It is important noting that businesses participants referred to are at income generating activities (IGAs) level.

There were several reasons behind the entrepreneurial activities intended, attempted or being carried out by the respondents. The majority of which are push factors. 67% of the participants intended, attempted or were running businesses due to lack of employment in the area, lack of education or training to get a job, no alternative sources of income, to meet personal life needs and support a family. Poverty, lack of education and unemployment were the key underlying reasons for intending, attempting or indeed starting and running income generating activities. These results support Weaver et al. (2006) who

found that entrepreneurs with relatively low levels of education become entrepreneurs out of necessity to survive and Niewenhuizen (2009) who attribute push factors like unemployment and having no alternatives as reasons for pursuing entrepreneurship among the lowly educated. 22% of the participants engaged in business due to availability of opportunity. The opportunities included access to finance, availability of equipment to start a business with and the perceived chance to meet particular needs of the community while 8% of the participants were motivated by money; the desire to be rich, have financial freedom and willingness to save capital for future proper investments. Lastly 3% of the participants doing business simply wanted to be independent; be their own boss, have peace of mind and create a future for their children.

The participants were aware of the resources available in their areas that could be used for entrepreneurship development. The key resources mentioned included: Lakes (Malawi and Chilwa), fish, water and land. Despite awareness of the availability of resources in their respective areas, 46% of the participants cited lack of start up capital as the main challenge to starting realistic ventures. Other outstanding challenges included lack of education and business skills training among the youthful population (20%), lack of knowledge about business (14%), lack of support to the youth to think and engage with entrepreneurial activities (10%), and the unbecoming behaviour among the youth like excessive beer drinking, womanising and prostitution (10%). Although lack of capital was cited as a key challenge, over half of the participants to the study were aware of micro financing institutions operating in their respective areas. However, none of the participants had accessed financial assistance from these organisations citing that financial organisations assisted only those already in business and not start ups and security requirements were excessive for small businesses and IGAs which was a barring condition to access financing. For public financing institutions, over half of the participants alleged of politicised access to financial assistance and unfulfilled promises of financial assistance.

Attitudes and intentions of people in rural areas.

There were 12 items that measured participants entrepreneurial attitudes and intentions. The Cronbach's Alpha of 0.625 demonstrated internal consistency of the measurement scale while Chi-square tests indicated significant statistical responses in all the measurement items. Attitudes and intentions were measured by assessing participants agreement or disagreement to statements on four point Likert scale where 1 was strongly disagree; 2-disagree; 3-agree and 4-strongly agree.

83.9% of the participants agree that owning a business is better than a highly paid job and 96.9% agree to have a

strong desire to be their own boss. 88.9% agree that business people have more respect in their community demonstrating that even at community level, people have positive attitude towards entrepreneurship that could be the reason successful business people are regarded highly and accorded respect. 98.1% of the participants agree to have strong desire and intention to run a successful business in future and 94.5% would do anything to own and run a business, qualifying the extent of commitment whereas 98.2% of the participants will make every effort to run and succeed in business in future. The correlation analysis indicates significant relationships between the participants' strong desire and intention to run a successful business in future with all items measuring attitudes. Therefore the results support empirical studies by Krueger and Carsrud (1983); Lee et al. (2004) and the model of TPB (Ajzen, 1991) that attitudes are antecedents to entrepreneurial intentions. These results demonstrate positive attitudes and intentions towards practice of entrepreneurship among the rural population in Malawi and therefore disproves the research hypothesis H1 that attitudes and intentions of people in rural communities are not positively aligned towards entrepreneurship.

The entrepreneurship development model (Nieman et al, 2003) highlights three key components to development of entrepreneurship; the entrepreneurial orientation, supportive and cooperative environments. With the level of attitudes and intentions the study has found, the supportive and cooperative environments require scrutiny if they are propelling or indeed impeding entrepreneurial activities in the light of the key challenges highlighted by the participants that include, lack of capital, lack of business skills and training, lack of knowledge about business and lack of support to the youth. Nonetheless, the majority of entrepreneurial activities in the rural areas are influenced by push factors. Disposition to act is more active with pull related factors than push factors. Therefore despite possessing positive entrepreneurial attitudes and intentions the rural communities may still have low propensity to act as the case is now.

Effects of education and entrepreneurship training

The results show that 38.3% of the participants attended some primary education, 54.3% attended secondary education and 6.8% graduated from teacher training programmes. 25.9% had training in some skills though not through formal institutions.

These results demonstrate and confirm the low levels of education in rural areas and existence of huge gaps in technical and enterprise development skills. The challenges to the practice of entrepreneurship as mentioned by participants further highlight the problems of lack of education and training in enterprise development.

Challenges of bad behaviour, lack of interest and motivation and lack of access to financial assistance from institutions in the rural areas could be attributed to the same problem of low education and lack of enterprise development skills.

The practice of entrepreneurship by 45.7% of the participants at IGAs level is further attributed to the low levels of education and therefore in agreement with the studies by Weaver et al. (2006) that lowly educated people engage in entrepreneurship activities for survival (push factors) (Niewenhuizen, 2009).

The statistical analysis however, indicate significant correlation between the training in vocational skills or enterprise development skills to participants owning any type of business as well as attempted business start-ups. These results demonstrate that education and training in enterprise skills has effect on the type of entrepreneurial activities and enterprise development thereby rejecting the research hypothesis H2 that education and entrepreneurship training has no effect on enterprise development in rural communities.

Effects of culture on entrepreneurial attitudes and intentions

Hofstede (1980) defines culture as set of shared values, beliefs and expected behaviour or a collective programming of the mind that distinguishes members of one category of people from another (Hofstede, 1989). The research hypothesized that cultures of rural communities in Malawi have no effect on entrepreneurial attitudes and intentions. Despite one study location having a larger representation of participants from various tribe backgrounds, the study did not thoroughly investigate the particular values and beliefs of the tribes to ascertain any cultural differences among the participants for testing of the hypothesis.

Cross-tabulation of tribe and entrepreneurial intentions shows no differences in entrepreneurial intentions of participants of different tribe backgrounds. Therefore despite differences in tribe backgrounds of inhabitants, a particular rural area could have same culture. There were no differences either on attitudes and intentions between participants of similar tribes from the two study areas. However, that could not give a proper test to the hypothesis. Therefore testing of hypothesis H3 that cultures of rural communities in Malawi have no effect on entrepreneurial attitudes and intentions requires further research.

Role models in rural areas

A role model is a person whom a subject holds in high esteem and can influence behaviour of the subject. In entrepreneurship, role models are people who have

achieved success, are known and admired by subjects and their behaviour actively engages and influences entrepreneurial behaviour. These people could be parents, relations or anyone in the community. 85.8% of the participants to the study know and admire a specific entrepreneur who owns a successful business in their respective areas. The correlation analysis does not however show any relationship between knowing a successful business owner with starting or attempting to start a business among the participants. Therefore despite the presence of successful entrepreneurs in rural areas they do not have any influence on the practice of entrepreneurship. The hypothesis H4 that there is no role model influence in rural communities for the practice of entrepreneurship is thereby proved.

Finance and entrepreneurial intentions

Over half of the participants have knowledge of the existence of micro financing institutions in their areas. Despite lack of capital being the key challenge as cited by 46% of the participants, no single participant tried to access financial assistance from the institutions available in their areas.

The research hypothesized that availability of micro finance has no effect on the propensity to act entrepreneurially in the rural communities. Six statements measured participants' perceptions on the availability of finance; its access and its criticality for enterprise start up at personal level. 55.5% of the participants perceive there is availability of finance for business in their areas but disagree (65.7%) on it being easy to access for starting a business. There is a general perception that lack of access to finance is the key challenge not availability of financing institutions.

However, the correlation analysis does not show relationship between participants' intentions to run a successful business and availability and access to finance. Intentions are significantly correlated to participants' attitude or belief that they can start a business if they had a business idea regardless of the money they have. This may refute the notion that it is lack of money that is making people not to start their businesses as was perceived by 40.7% of the participants. In fact, it is lack of viable business ideas that is making people not to start businesses.

These results accept the research hypothesis H5 that availability of micro finance has no effect on the propensity to act entrepreneurially in rural areas. Entrepreneurial behaviour require other triggers like availability of perceived opportunities and business ideas which eventually would require the availability and access to finance. This may explain the lack of entrepreneurship development in rural areas in Malawi despite the existence of micro financing institutions since the early 1980's.

Resources and entrepreneurial intentions

Perceptions of availability of resources is one factor empirical studies have found influences entrepreneurial attitudes and intentions. The research hypothesised that rural communities do not perceive to have resources for entrepreneurship development. This was based on the perceived low levels of entrepreneurship in rural areas. However, participants mentioned the resources they perceived as key to entrepreneurial engagement in their areas. These resources included lakes, land, water, trees and mountains. This understanding alone disproves the research hypothesis. 53.1% of the participants perceived it was easy to access land and labour for starting a business in their areas and that 61.7% had access to land and labour they would require to start own business. Only 39.4% participants perceive that there are no resources for starting a business of their choice in their communities and that means the majority of the participants perceive their communities have resources they would require for starting a business.

The correlation analysis shows significant relationship between participants' entrepreneurial intentions and having access to land and labour required to start own business. The results demonstrate that it is not the availability of resources that affect entrepreneurial intentions but it is the perceived possibility to access the resources that would trigger entrepreneurial intentions.

The results of this research draw out some key findings. First, the results support the TPB (Ajzen, 1991). The statistical analyses show significant correlations of attitudes, self-efficacy and propensity to act to entrepreneurial intentions (Ajzen, 1991; Shapero, 1982). The attitudes of participants formed from the perceived benefits of entrepreneurial activities that include ability to support family, meeting personal needs and creating a future for children. Despite the low levels of education, participants demonstrate high levels of self-efficacy that significantly correlated with entrepreneurial intentions. 85.2% of the participants perceive to have capabilities to start and run a small business, 85.7% perceive that success is not dependent on traditional beliefs and 90.1% confident of always doing what they perceive important. However, propensity to act is hampered by low levels of education and lack of access to capital.

The results therefore support the TPB (Ajzen, 1991) that attitudes and perceived feasibility (self-efficacy) are antecedents to entrepreneurial intentions. This understanding is important in the initial steps in the process of developing entrepreneurship in rural areas because the attitudes and intentions would require appropriate supportive and cooperative environments to enhance the entrepreneurial mindsets and entrepreneurship development.

Secondly, with inference to rural communities under study, rural communities in Malawi have positive entrepreneurial attitudes and intentions despite the low

levels of entrepreneurship. There are several factors impeding development of entrepreneurship in the rural areas. There are high levels of poverty, poor infrastructure, low levels of education, lack of technical and enterprise development skills, lack of strategically focused support and motivation and poor access to capital for startup. These impediments are hindering exploitation of resources available in rural areas which include lakes, land, water, trees, mountains and the youthful human resource. The organisations providing entrepreneurship development support services have failed to create an environment that truly support the realization of the entrepreneurial intentions of people in the rural areas.

The research further found that rural areas in Malawi have strategic resources that can be at the centre of transformational entrepreneurship development. However, the practice of entrepreneurship is still at IGAs level and not anywhere close to the level where entrepreneurship can be at the heart of rural economic development. Rural communities do not have capacity to exploit the resources and the current entrepreneurship development strategies are not focused on development of strategic entrepreneurs that are economically transformational. Entrepreneurship is a driving force of economic growth, structural change and job creation only where the attention is on high potential startups and high growth ventures that can contribute to the growth of the national economy (Autio, 2007; Friar Meyer, 2003; Wong et al, 2005).

Limitations

The data collected for analysis through the survey does not perfectly reflect the situation because of biases in responses that may result from cognitive differences of respondents' opinion or interpretational views of the statements or factors on the part of individuals interviewed. These results are limited to two rural areas of Malawi. Although most rural communities share similarities there may be factors that would differentiate them i.e. economic development, exposure, beliefs and resource endowments to qualify for immediate transfer of the research results elsewhere.

Conclusion

The research results demonstrate existence of entrepreneurial attitudes and intentions among the rural communities in Malawi where the practice of entrepreneurship is predominantly at IGAs level. The rural communities face several challenges that impede entrepreneurship development. The key challenges include high levels of poverty, low levels of education, lack of technical and enterprise development skills, poor

infrastructure, lack of access to start-up capital, lack of access to markets, and lack of creativity and innovation. The results support Weaver et al. (2006) that lowly educated people engage in entrepreneurship for survival and that lack of employment and poverty are the key push factors towards entrepreneurship (Niewenhuizen, 2009).

The results further demonstrate the education and training in enterprise skills has effect on the type of entrepreneurship activities undertaken. But the study found that role models do not have any effect on entrepreneurial intentions and mostly in this case where they are not involved in activities to influence self-efficacy of potential entrepreneurs thereby supporting Carsrud et al (1987) who found that role models weakly predict future entrepreneurs. On micro finance, the research found that availability of micro finance has no effect on the individual's propensity to act entrepreneurially. Entrepreneurial behaviour requires other triggers like perceived opportunities and business ideas which eventually require availability but most importantly access to finance.

Lastly, the research found that rural communities have resources for entrepreneurship development and rural people perceive to have such resources but their exploitation is impeded by various factors as discussed.

Implication

The results call for thorough thinking process on the model for entrepreneurship development in particular contexts. The results further demonstrate the weakness of existing entrepreneurship development models which offers only conceptual understanding of the entrepreneurship development process but are less practical as regards what would constitute appropriate support environment or corporative environment to what sort of entrepreneurial orientation. Economic development in rural areas in Malawi can be achieved through transformational entrepreneurship. Since the 1980s entrepreneurship support has focused on developing micro small entrepreneurs with insignificant developmental results. Continuing on the same path with the hope of economic change and development would be illusionary. Entrepreneurship development in Malawi requires a paradigm which focuses on sustainably exploiting the existing strategic resources available in rural areas for economic development. The existing impediments would continue to cripple entrepreneurship development and suppress realisation of local economic growth and development until a new paradigm is developed that can reposition entrepreneurship as a key economic driving force.

Future research

It is important to replicate the study in other rural contexts

to have a rich understanding of the entrepreneurial orientation of rural communities and factors affecting those. Studies would also be necessary to investigate how the supportive environment would enhance entrepreneurial orientation and the practice of entrepreneurship as well as investigating the best practices in the creation of the cooperative environment that can sustainably support entrepreneurship development. Lastly, practical entrepreneurship models for economic transformation in the light of the key challenges faced in poor countries are urgently required. As such, research for the development of practical strategies and models for entrepreneurship development that befits the rural contexts of poor countries appropriate to ignite economic growth and development are necessary.

Conflict of Interests

The author has not declared any conflict of interests.

REFERENCES

- Abhishek G, Neharika V (2006). Attitudes of the youth towards entrepreneurs and entrepreneurship: A cross-cultural comparison of India and China. *J.Asia Entrepreneurship, Sustainability, Vol.3 Issue 1*
- Acs Z, Audretsch D (2003). *Handbook of Entrepreneurship Research*, New York: Springer.
- Aidis R (2003). *Entrepreneurship and Economic Transition*. Amsterdam: Tinbergen Institute discussion paper (<http://www.tinbergen.nl>).
- Aidis R (2005). *Entrepreneurship in Transition Countries: A Review*. Centre for the Study of Economic and Social Change in Europe (CSECSE) working paper Number 61.
- Ajzen I (1987). Attitudes, traits, and actions: Dispositional prediction of behaviour in social psychology. *Adva. Exper.Social Psychol.* 20:1–63.
- Ajzen I (1991). Theory of planned behaviour. *Organizational Behaviour and Human Decision Processes* 50:179–211.
- Allport GW (1935). Attitudes. In C. M. Murchison (Ed.), *Handbook of Social Psychology*. Winchester, MA: Clark University Press.
- Autio E (2007). *Global Report on High-Growth Entrepreneurship*. London Business School/Mazars/Babson.
- Bagozzi R, Baumgartner H, Yi Y (1989). An investigation into the role of intentions as mediators of the attitude-behaviour relationship. *J.Econ.Psychol.* 10:35–62.
- Benzing C, Chu H, Kara O (2009). Entrepreneurs in Turkey: A factor analysis of motivations, success factors, and problems. *J. Small Bus. Manage.* 47(1):58-91.
- Bird B (1988). Implementing entrepreneurial ideas: The case for intentions. *Acade Manage. Rev.*13:442–454.
- Boyd N, Vozikis G (1994). The Influence of Self-Efficacy on the Development of Entrepreneurial Intentions and Actions. *Entrepr. Theory Pract.* pp.63-77.
- Brockhaus R, Horwitz, P (1986). Psychology of the entrepreneur. In D. Sexton and R. Smilor, eds., *The Art and Science of Entrepreneurship*. Cambridge: Ballinger, 25–48.
- Bruyat C, Julien P-A (2000). Defining the Field of Research in Entrepreneurship. *J. Bus. Venturing* 16:165-80.
- Douglas EJ, Shepherd DA (2002). Self-employment as a career choice: attitudes, entrepreneurial intentions and utility maximization. *Entrepreneurship Theory and Practice*, 26(3):81-90.
- Drucker PF (1985). *Innovation and Entrepreneurship: Practice and Principles*. New York: Harper Business.
- Friar J, Meyer M (2003). Entrepreneurship and Start-ups in the Boston Region: Factors Differentiating High-growth Ventures from Micro-ventures. *Small Bus. Econ.* 21:145–152.

- Heinonen J, Poikkijoki S-A (2006). "An entrepreneurial-directed approach to entrepreneurship education: mission impossible?", *J. Manage. Dev.* 25(1):80-94.
- Hisrich RD (1988). Entrepreneurship: Past, present, and future. *J. Small Bus. Manage.* 26:1-4.
- Hisrich RD, Brush C (1986). Characteristics of the minority entrepreneur, *J. Small Bus. Manage.* 24(4):1-8.
- Hofstede GH (1980). *Culture's consequences: International differences in work-related values.* Newbury Park, CA: Sage.
- Kaganova O (2002). Small businesses face large obstacles. *Transition. World Bank* pp.44-45.
- Kandoole B, John M, George K (1997). Report on Capacity Assessment for Implementation of Small and Medium Enterprise Programmes, Lilongwe, Malawi: Malawi Institute of Management.
- Kanungo RN (1990). Work: Western model and eastern realities. In A.M. Janger & R. N. Kanungo (Eds.), *Management in developing countries* New York: Routledge.
- Katz J, Gartner W (1988). Properties of emerging organizations, *Acad.Manage. Rev.* 13:429-441.
- Krueger NF (1993). The impact of prior entrepreneurial exposure on perceptions of new venture feasibility and desirability, *Entrepreneurship: Theory, Practice*, 18, 5-21.
- Krueger NF, Carsrud AL (1983). Entrepreneurial intentions: Applying the theory of planned behaviour. *Entrepreneurship and Regional Development*, 5, 315-330.
- Kuratko DF, Hodgetts RM (2004). *Entrepreneurship: Theory, process, and practice* (6th ed.). Singapore: Thomson.
- Lee CJ (2011). Understanding bank service quality in customers' terms: an exploratory analysis of top-of-mind definition. *Int. J. Bus. Soc. Sci.* 2(21).
- Lee L, Chua, BL, Chen J (2004). Antecedents for entrepreneurial propensity and intention: Findings from Singapore, Taiwan, and Hong Kong (Working Paper). Singapore: National University of Singapore Entrepreneurship Centre.
- Matthews CH, Moser SB (1995). Family background and gender: Implications for interest in small firm ownership. *Entrepreneurship, Regional Dev.* 7:365-377.
- McMullen J, Bagby D, Palich L (2008). Economic Freedom and the Motivation to Engage in Entrepreneurial Action. *Entrepr. Theory Pract.* 32(5):875-895.
- Penrose E (1995). *The theory of the growth of the firm*, Oxford: Oxford University Press.
- Pissarides F (1999). Is lack of funds the main obstacle for Growth? EBRD's experience with small and medium-sized businesses in Central and Eastern Europe. *J. Bus. Venturing* 14:520-539.
- Pissarides F (2004). Financial Structures and private sector development in the new Europe. In: D. Masciandoro (ed.), *Financial Intermediation in the New Europe: Banks, Markets and Regulation in the Accession Countries.* Northampton, MA: Edward Elgar.
- Poschke M (2008). Who Becomes an Entrepreneur? Labor Market Prospects and Occupational Choice. IZA Discussion Paper No. 3816.
- Scherer RF, Adams JS, Carley SS, Wiebe FA (1989). Role model performance effects on development of entrepreneurial career preference. *Entrepr. Theory Pract.* 13(3):53-71.
- Schumpeter JA (1934). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle.* Cambridge: Harvard Business School Press.
- Scott M, Twomey D (1988). The long-term supply of entrepreneurs: Students' career aspirations in relation to entrepreneurship. *J. Small Bus. Manage.* 26:5-13.
- Seligman M (1990) *Learned Optimism.* New York: Knopf.
- Shane S, Venkataraman S (2000). The promise of entrepreneurship as a field of research, *Acad.Manage. Rev.* 25:217-226.
- Shapiro A (1982). Social Dimensions of Entrepreneurship. In C. Kent, D. Sexton and K. Vesper, eds., *The Encyclopaedia of Entrepreneurship.* Englewood Cliffs: Prentice-Hall, 72-90.
- Sheppard B, Hartwick J, Warshaw P (1988). The theory of reasoned action: A meta-analysis of past research. *J. Consumer Res.* 15(3):325-343.
- Weaver M, Dickson P, Solomon G (2006). *Entrepreneurship and Education: What is Known and Not Known about the Links Between Education and Entrepreneurial Activity.* The Small Business Economy for Data Year 2005: A Report to the President. United States Government Printing Office; Washington, US.
- Weber M (1947). *The Theory of Social and Economic Organization.* New York, USA: Oxford University Press.
- Wong B, Ho Y, Autio E (2005). Entrepreneurship, Innovation and Economic Growth: Evidence from GEM Data. *Small Bus. Econ.* 24(3):335-350.