Alleviating Rural Poverty Through Foundry Entrepreneurship As Capacity Building And An Economic Force In Rural Development

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Abstract
This paper has attempted to set out the key issues related to foundry entrepreneurship in the context of its relationship with rural development. The analysis is then broadened to understand the determinants of rural entrepreneurship and the environment conducive to its development. Consequently the policies that are necessary to make this environment favorable have been discussed in detail. The generic constraints that are faced by rural enterprises have been listed out. The conclusion is that to accelerate economic development in rural areas such as Idah, it is necessary to promote foundry entrepreneurship. Entrepreneurial orientation in rural areas is based on stimulating local entrepreneurial talent and subsequent growth of indigenous companies. This in turn would create jobs and add economic value to a region and at the same time will keep scarce resources within the community.

Keywords: poverty, poverty alleviation, foundry, rural entrepreneurship, rural development

INTRODUCTION
More than 1.3 billion people in this world live in extreme poverty, that is, one in every five person. (United Nations Report, 1997 and 2000) As the world’s economies become more interdependent, solving a problem as big and as difficult as poverty demands international alliances. According to the International Fund for Agricultural Development (IFAD), the Millennium Development Goals set forth by the United Nations are a guiding light for international cooperation for development, in particular the target to halve the proportion of hungry and extremely poor people by 2015. But the starting point to achieve this target must be the recognition that poverty is predominantly rural. Three quarters of the world’s poor, about 900 million people, live in rural areas where they depend on agriculture and related activities for their livelihoods. The reality is that the Millennium poverty target cannot be met unless the world addresses rural poverty.

The World Bank’s new strategy launched in 2002, called ‘Reaching the Rural Poor’ focuses on improving the lives of those living in rural areas. Ian Johnson, the Vice-President for Sustainable Development states that this strategy is contributing to the increase of productivity in rural areas, which will have a very positive impact on other sectors of the national economy. Petrin (1994) affirms that rural development is now being linked more and more to entrepreneurship. Entrepreneurship stands as a vehicle to improve the quality of life for individuals, families and communities and to sustain a healthy economy and environment (Isibor, 2014).

PROBLEM STATEMENT
Poverty as an issue has become a global phenomenon ravaging the city and rural dwellers in different measures. The effect is more pronounced in the rural area than the urban centres where accessibility to modern infrastructure and urbanization had watered down its influence. However with the increasing awareness of entrepreneurship development as a panacea to this phenomenon, the employment of indigenous materials in foundry would not only engender capacity building but would in the long run maintain the local industries in a sustainable manner. Apart from creating employment opportunities and therefore empowering the inhabitants, the rural-urban drift which causes a strain on the cities would be considerably curtailed.

Foundry Processing
Foundry is an establishment where ferrous and non-ferrous are first of all melted by the application of heat and made to solidify in the mould to yield solid mass.

Types of Foundries
There are many ways of classifying foundries:

i Types of metal cast
a. Ferrous foundry- Ferrous metals such as iron and steel, cast iron. Etc.
b. Non-Ferrous foundry such as aluminum, lead, copper, magnesium and their alloys are cast.

ii Types of Mould:
   a. Sand casting- Sand mould
   b. Die casting- Metal mould
c. Investment casting- Consumable mould
d. Centrifugal casting- Agitating mould.

iii Types of production practiced:
   a. Jobbing foundries producing purely on customer’s request
   b. Captive foundries- Producing for and serving as an integral part of a manufacturing establishment.

Small scale foundries require N1.480,000.00- N28,000,000.00 million. It could be a cottage industry run by members of the family. This type of foundry is highly recommended for rural area.

This paper deals with the following three issues.
1) Firstly, it sets out the reasons why promoting entrepreneurship as a force of economic change must take place if many rural communities are to survive.
2) Secondly, it deals with what policies are necessary in order to create an environment in rural areas conducive to entrepreneurship.
3) And thirdly, it considers the generic constraints that are faced by entrepreneurs in rural areas and the initiatives that can assist their development.

THE CONCEPT AND DETERMINANTS OF ENTREPRENEURSHIP
In order to understand the role played by entrepreneurs in developing an economy it is first important to understand the concept of entrepreneurship. (Petrin, 1992) While choosing a definition for entrepreneurship most appropriate to the rural area context, it is important to bear in mind the skills that will be needed to improve the quality of life for individuals, and to sustain a healthy economy and environment. Hence, the most appropriate definition is a combination of three, wherein, entrepreneurship can be defined as—A force that mobilizes other resources to meet unmet market demand. (Jones and Sakong, 1980); the ability to create and build something from practically nothing. (Timmons, 1989) the process of creating value by pulling together a unique package of resources to exploit an opportunity. (Stevenson, et al, 1985)

The need to understand the determinants of entrepreneurship is as important as understanding its concept. The origins and determinants of entrepreneurship span a wide spectrum of theories and explanations (Brock and Evans, 1989). However, it is generally accepted that policy measures can influence the level of entrepreneurship (Storey, 1994).

Development of entrepreneurs and of entrepreneurship can be stimulated through a set of supporting institutions and through deliberate innovative action which stimulates changes and fully supports capable individuals or groups. Therefore, policies and programs designed specifically for entrepreneurship promotion can greatly affect the supply of entrepreneurs and thus indirectly represent an important source of entrepreneurship.

This view has important implications for entrepreneurship development in rural areas. If currently entrepreneurial activities in a given rural area are not thriving it does not mean that entrepreneurship is something inherently alien to rural areas. While this feeling could have some legacy due to the slower pace of changes occurring in rural areas compared to urban ones, proper action can make a lot of difference with respect to entrepreneurial behavior of people living in rural areas.

Expected Role by Foundry Entrepreneurs in Rural Development
Entrepreneurial activity and new firm formation are unquestionably considered engines of economic growth and innovation (Baumol, 1990). As such, they are among the ultimate determinants of the large regional differences in economic performance. The importance of new firm formation for growth has been recognized since Schumpeter (1934). According to the Global Entrepreneurship Monitor Report (2000), about 70 percent of an area’s economic performance is dependent upon how entrepreneurial the area’s economy is.

Foundry entrepreneurship in rural areas is based on stimulating local entrepreneurial talent and subsequent growth of indigenous companies. This in turn would create jobs and add economic value to a region, and at the same time it will keep scarce resources within the community. According to Petrin (1992), to accelerate economic development in rural areas, it is necessary to build up the critical mass of first generation entrepreneurs.

Lyson (1995) echoes the prospects of small-enterprise framework as a possible rural development strategy for economically disadvantaged communities and provides this description of the nature of small-scale flexibly specialized firms: “First, these businesses would provide products for local consumption that are not readily available in the mass market. Second, small-scale technically sophisticated
entreprises would be able to fill the niche markets in the national economy that are too small for mass producers. Third, small, craft-based, flexibly specialized enterprises can alter production quickly to exploit changing market conditions.”

According to a study conducted in the United States it has been found that rural poverty has become as intense as that found in the inner cities, and has stubbornly resisted a variety of attempts at mitigation through economic development policies. The latest strategy for addressing this problem is the encouragement of emerging “home-grown” enterprises in rural communities. The expectation is that these new ventures-a) will provide jobs or at least self-employment; b) will remain in the areas where they were spawned as they grow; c) and will export their goods and services outside the community, attracting much-needed income. (Lyons, 2002)

It is important to stress here that rural entrepreneurship in its substance does not differ from entrepreneurship in urban areas. Entrepreneurship in rural areas is finding a unique blend of resources, either inside or outside of agriculture. The economic goals of an entrepreneur and the social goals of rural development are more strongly interlinked than in urban areas. For this reason entrepreneurship in rural areas is usually community based, has strong extended family linkages and a relatively large impact on a rural community.

**POLICY IMPLICATIONS FOR RURAL FOUNDRY ENTREPRENEURSHIP**

Studies have shown that SMEs in rural areas in the UK (particularly remote rural areas) have outperformed their urban counterparts in terms of employment growth (Keeble et al,1992.). Behind each of the success stories of rural entrepreneurship there is usually some sort of institutional support. Lu Rongsen(1998), in a study in Western Sichuan highlights the important factors responsible for the rapid development of enterprises in the area. These include- uniqueness of the products in so far as they are based on mountain-specific, local natural resources; development of infrastructure; strong and integrated policy support from government; and a well-planned marketing strategy and link-up with larger companies and organizations for marketing nation-wide and abroad.

According to Petrin (1994), the creation of such an environment starts at the national level with the foundation policies for macro-economic stability and for well-defined property rights as well as international orientation. The policies and programs targeted specifically to the development of entrepreneurship do not differ much with respect to location. In order to realize their entrepreneurial ideas or to grow and sustain in business, they all need access to capital, labor, markets and good management skills. What differs is the availability of markets for other inputs.

The inputs into an entrepreneurial process- capital, management, technology, buildings, communications and transportation, infrastructure, distribution channels and skilled labor, tend to be easier to find in urban areas. Professional advice is also hard to come by. Consequently, entrepreneurial behavior, which is essentially the ability to spot unconventional market opportunities, is most lacking in those rural areas where it is most needed i.e., where the scarcity of 'these other inputs' is the highest.

Rural entrepreneurship is more likely to flourish in those rural areas where the two approaches to rural development, the ‘bottom up’ and the ‘top down’, complement each other. The ‘top down’ approach gains effectiveness when it is tailored to the local environment that it intends to support. The second prerequisite for the success of rural entrepreneurship, the ‘bottom up’ approach, is that, ownership of the initiative remains in the hands of members of the local community. The regional development agencies that fit both criteria can contribute much to rural development through entrepreneurship.

A study conducted by Smallbone and North (1997), reveals that firms that demonstrated the highest level of innovative behavior were growing in terms of sales and also generating employment, although it is important to stress that the relationship between innovation and growth is an inter-dependent and mutually reinforcing one, rather than a simple cause and effect relationship.

Petrin (1994) maintains that policy implications for rural entrepreneurship development can be:

1) Sound national economic policy with respect to agriculture, including recognition of the vital contribution of entrepreneurship to rural economic development;
2) Policies and special programs for the development and channeling of entrepreneurial talent;
3) Entrepreneurial thinking about rural development, not only by farmers but also by everyone and every rural development organization.

**5.PROBLEMS FACED BY RURAL ENTREPRENEURS**

The following issues are the key constraints in the development of rural enterprise

a) The issue of transport and accessibility in general, and of remoteness.

b) The low skill base of many rural areas emerged as important.
**Table 1. Problem and suggested initiatives for SMEs**

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<tr>
<th>PROBLEMS</th>
<th>SUGGESTED INITIATIVES</th>
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<tr>
<td><strong>Technical Assistance:</strong></td>
<td>. Preparation and training of national trainers / counselors;</td>
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<td>. High costs</td>
<td>. Application of successful experiences;</td>
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<td>. Few support institutions</td>
<td>. Promotion and development of institutions for support services of technical kind.</td>
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<td><strong>Entrepreneurial Attitude:</strong></td>
<td>. Entrepreneurial training and preparations;</td>
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<td>. Tendency towards isolation</td>
<td>. Dissemination of successful associative experiences;</td>
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<td>. Lack of organization and integration. Little willingness to undertake associative entrepreneurial projects.</td>
<td>. Support to, and co-operation with, existing business / entrepreneurial associations;</td>
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<td></td>
<td>. Training and preparation of enterprising young people.</td>
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<td><strong>Financing:</strong></td>
<td>. Association – grouping;</td>
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<tr>
<td>. Limited access to financing, both for start-ups and expanding enterprises;</td>
<td>. Assistance in establishment of credit schemes targeting SMEs (mutual guarantee schemes etc).</td>
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<td>. Lack of endorsement and guarantees.</td>
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<tr>
<td><strong>Policy and Enabling Environment:</strong></td>
<td>. Identification of specific obstacles and bottlenecks;</td>
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<td>. Excessive regulations and formalities;</td>
<td>. Recommendations for change and improvement within these areas;</td>
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<td>. Political and economic instability.</td>
<td>. Adaptation and adjustment of legal framework.</td>
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<td><strong>Gender Imbalances:</strong></td>
<td>. Entrepreneurial training and preparation;</td>
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<tr>
<td>. Difficulties for women to start up businesses;</td>
<td>. Sharing of experiences and best practices for women entrepreneurs;</td>
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<tr>
<td>. Difficulties for women entrepreneurs to get access to support and finance services.</td>
<td>. Assistance in establishment of micro credit schemes geared towards women.</td>
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<tr>
<td><strong>Qualification of Human Resources:</strong></td>
<td>. Skills training;</td>
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<td>. Little specialization and training;</td>
<td>. Managerial training;</td>
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<tr>
<td>. Low level of productivity</td>
<td>. Improvement of the work environment, organizational climate.</td>
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<td>. Low valuation and encouragement to work</td>
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<tr>
<td><strong>Market:</strong></td>
<td>. Entrepreneurial training and preparation;</td>
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<td>. Low share in the domestic market and almost no share in external markets;</td>
<td>. Counseling and advisory services by qualified personnel;</td>
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<td>. Problems in acquisition of inputs;</td>
<td>. Information links, regional and international networks;</td>
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<td>. Lack of expertise in the area of domestic and external marketing;</td>
<td>. Establishment of business / entrepreneur associations;</td>
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<tr>
<td>. Lack of insight into product differentiation and other competitiveness issues.</td>
<td>. Vertical integration (possible labor specialization)</td>
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**FRAMEWORK FOR ENCOURAGING RURAL ENTREPRENEURSHIP**

Jay Kayne with the Kauffman Foundation (2000) created the following figure during the Second Minnesota Academy working session in Rochester, Minnesota. This figure provides a general framework for encouraging rural entrepreneurship. In the final analysis, this framework provides the critical questions necessary to assessing the entrepreneurial opportunity in any rural place or state (Figure 1).
CONCLUSION
World-wide the last three decades have seen major shifts in rural economies. Rural enterprises are important generators of employment and economic growth internationally. It is important to stress that rural entrepreneurship in its substance does not differ from entrepreneurship in urban areas. Entrepreneurship in rural areas is finding a unique blend of resources, either inside or outside of agriculture.

This paper has attempted to understand the role played by rural enterprises in economic development and how governing bodies can help to foster its growth. The promotion of foundry entrepreneurship and the understanding where entrepreneurship comes from is as equally important as understanding the concept of entrepreneurship. The environment which is considered most favorable for their growth forms the basis for the development of policies for foundry entrepreneurship development. Policy implications for rural foundry entrepreneurship development can be summarized as: (a) Sound national economic policy with respect to foundry, including recognition of the vital contribution of entrepreneurship to rural economic development; (b) Policies and special programs for the development and channeling of foundry entrepreneurial talent; (c) Entrepreneurial thinking about rural development by everyone and every rural development organization; d) And institutions supporting the development of rural entrepreneurship as well as strategic development alliances.

However, despite their phenomenal growth rural enterprises have common systemic constraints to their development. Governments and donors can help to address these constraints by facilitating efficient and unbiased financial markets; a suitable business environment; education, training, and competitive capacity; and access to information, networks and the global market place.

REFERENCES


