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## Pluriactivity, entrepreneurship and socio-economic success of rural households

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# Working Paper Series

## Pluriactivity, Entrepreneurship and Socio-economic Success of Rural Households

Ranmuthumalie de Silva  
Sarath S. Kodithuwakku

Manchester Business School Working Paper No 596

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## **Abstract**

Pluriactivity has been identified in literature as a capital accumulation strategy. However, it has also been recognized as a survival strategy particularly in a resource constrained environment. Accordingly, it is questionable as to what extent pluriactivity leads households to be socio-economically better off. This leads to the question 'in a given context, whether certain other factors such as motive and entrepreneurial qualities also play a role in determining the success besides being pluriactive?'. This debate has a greater significance particularly in rural contexts of developing countries since a transformation from a traditional agricultural based rural economy to a more diversified economy has been observed in the past few decades. Accordingly, it is intended to address this issue through research carried out to compare and contrast better-off and worse-off pluriactive households in a given locality in Sri Lanka based on their motive to become pluriactive (pull and/or push), the portfolio of income generation activities carried out and their entrepreneurial qualities.

Multiple data collection methods were used and the data were analyzed qualitatively. The findings were supplemented with quantifiable evidence when necessary in order to increase the validity of the conclusions. The study site was a typical example of a resource constrained environment and pluriactivity has been identified as a strategy implemented by both income groups in order to increase their household resources. For better-off households, being pluriactive was initially due to push motives which have later been transformed into pull motives. In contrast, for worse-off households being pluriactive has always been a push motive. The better-off households have diversified into more off-farm income generation activities and hence their dependency on agriculture was lower than that of worse-off households who were mainly dependant on agricultural related diversification. In addition, the better-off households exhibited more entrepreneurial qualities as they extract values from the environment without regard to the resources owned by them. Based on these patterns, it could be concluded that being motivated by pull factors (at least after some years of initiation), diversifying into off-farm income generation activities and being entrepreneurial have paved the way for pluriactive rural households to be socio-economically better-off.

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**Pluriactivity, Entrepreneurship and Socio-economic Success of Rural Households**  
**Ranmuthumalie de Silva and Sarath.S. Kodithuwakku<sup>1</sup>**

## **1. Introduction**

Even though the agricultural sector enjoyed a privileged position as the major contributor of GDP for several decades, currently its importance and contribution to economies are declining in comparison to the manufacturing and service sectors. As a result, the income and wellbeing of those who engage in agricultural related activities have been drastically affected. At the micro level, it is the farming households who have been most affected by this change as they are dynamic entities comprising a constellation of human, land and capital resources, and the locus of consumption production and reproduction at the bottom/micro level (Arkleton Trust Project 1989). Owing to plummeting agricultural income, engaging in more than one income generation activity has been perceived as a necessity by farming households (Bowler et al 1996). The phenomenon of farming in conjunction with other gainful activities, whether on or off-farm, could be defined as pluriactivity (Evans and Ilbery 1993).

Despite pluriactivity being identified in some literature as a survival strategy (Bowler et al 1996) it has also been identified as a capital accumulation strategy in other research (Evans and Ilbery 1993). Accordingly, the extent to which pluriactivity leads households to be socio-economically better off is questionable. In this paper, this issue is investigated through concentrating on the effect of three major factors namely, motives to become pluriactive (pull and/or push), the nature of income generation activities carried out and the entrepreneurial qualities that determine the extent of socio-economic success achieved by farming households. This paper initially attempts to illustrate literature related to these three aspects and subsequently explores the issue in-depth through a research project carried out in the rural agricultural context of Sri Lanka. The research compares and contrasts the behaviour of

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<sup>1</sup> Authors would like to thank Prof Francis Chittenden and Dr Yanuar Nugroho for extremely valuable insights provided to improve the first draft of this paper.

better-off pluriactive households with households that are worse-off. Finally, conclusions and policy implications are drawn.

## **2. Theoretical Context**

This section argues, from a theoretical perspective that motives to become pluriactive (pull and/or push), the nature of income generation activities carried out by such pluriactive households and their entrepreneurial qualities play a significant role in their socio-economic success. It also attempts to highlight theoretical contradictions with respect to the nature of the effects of these factors in determining success.

### **2.1. Motives to become Pluriactive**

In a rural, resource constrained environment with relatively low infrastructure facilities (De Walt and De Walt 1987), farmers become pluriactive in their attempt to maximize the capitalization of a myriad of smaller opportunities (Kodithuwakku and Rosa 2002). Accordingly, it could be stated that a rural, resource constrained environment acts as a motivation for farming households to be pluriactive since it naturally creates a need to overcome these constraints. Engaging in more than one income generation activity could also be motivated by farmer's need to reduce income fluctuations (Stark and Levhari 1982) through minimizing the risk of uncertainty in agriculture and that of specialization in one particular area (Stark and Levhari 1982). The lack of prospects for full time employment or full time farming (Eikeland and Lie 1999), the lack of opportunities in one sector (Kirzner 1984), rising population density and consequent population pressure on land (Pandya-Lorch and Braun 1992) have also been recognized as factors that motivate farming households to become pluriactive. The above discussion leads to the assumption that pluriactivity has been a survival strategy (Bowler et al 1996) since the drive is to find a sufficient income to survive. Accordingly, it could be stated that farmers are motivated to become pluriactive in order to overcome negative circumstances and thus these motives could be categorized as 'push' motives (Gilad and Levine 1986).

In contrast, some research has shown that households may use pluriactivity as a wealth accumulation strategy (Evans and Ilbery 1993) that facilitates further development of the farm and/or family's income and socio-economic status (Fuller 1990). This may be achieved by reinvesting profits (Scott et al 2000), and acquiring more land and productive assets,

leading to repositioning the farm business and the family (Heron et al 1994). Accordingly, it could be argued that farming households may be motivated to be pluriactive in order to improve their farming income and social status (McNally 2001) which is different from being pluriactive as a remedy for insufficient farming income.

The desire for independence, the sense of personal identity and self-esteem (Taylor and Little 1990) and flexible employment (Bowler et al 1996) are also identified as reasons for farming households to engage in more than one income generation activity. Pluriactivity enhances farmers' access to information, experience, knowledge (McGrath 1996) as well as various business related ties (De Vries 1993) which can result in improving the potential to grow their businesses (McGrath 1996). Alsos et al (2003) links this argument with motivation through stating that farming households are motivated to be pluriactive through the discovery of new business opportunities which is a result of knowledge and skills gathered through their experience in previous business operations. By combining a resource- based view Alsos et al (2003) argue that farmers are motivated to be pluriactive if they possess unique/non-substitutable, rare, imperfectly imitable, and valuable resources which provide them with sustainable competitive advantage.

It is also stated that pluriactivity does not result in improving only individual household income and well being, but also community well-being (Rupena-Osolink 1983). This is as a result of proliferation of positive impacts to the community. Accordingly, it could be stated that rather than considering being pluriactive as a way of overcoming negative conditions related to farming, an attraction of pluriactivity is the myriad of benefits that it can yield. Based on this, it could also be argued that pluriactivity is motivated by 'pull' factors (Gilad and Levine 1986)

The above discussion on 'pull' and 'push' motives raises the question, 'how are these motives related to the success achieved by pluriactive households?'. In order to find an answer to this question, we introduce explanations from the entrepreneurship literature, although this has not hitherto placed a major emphasis on push and pull factors influencing pluriactivity. Amit and Muller (1995) concluded that entrepreneurs who are motivated through 'pull' factors ('pull' entrepreneurs) are more successful than those who are motivated through 'push' factors ('push' entrepreneurs). The Global Entrepreneurship Monitor (GEM)

project (2006) revealed that the a higher proportion of opportunity driven entrepreneurs (the motive to capitalize perceived business opportunities) are present in high income countries whereas the majority of necessity driven entrepreneurs (driven by necessity) are found in middle income countries (Bosma and Harding 2006). This was further supported by Acs (2006) through revealing that the ratio of opportunity to necessity entrepreneurship correlates with the level of economic development. However, Rosa et al (2006), argued that both necessity and opportunity motives are visible among entrepreneurs irrespective of the economic growth. According to them it is the context which gives rise to either necessity or opportunity in which the entrepreneurs (as opposed to non-entrepreneurs) who start their businesses with the necessity motive shift the focus to opportunity with the growth of the business.

The above contradiction can be explored by investigating whether there is a difference between better-off and worse-off farming households with respect to their motive to become pluriactive in a given context.

## **2.2. Portfolio of Income-generation Activities carried out by Pluriactive Farming Households**

When the term pluriactivity is considered, it could be defined as the outcome of farmers' attempt to engage in more than one income generation activity whether on or off farm (Fuller 1990). It is evident that most of the farming households have moved into off-farm activities than on-farm (De Vries 1993).

The decision of households about the portfolio of income generation activities to be carried out could be affected by the availability of resources, household work force (available time (or age) and structure), off-farm wage rate, the identification of opportunities, productivity in commercial and subsistence production, and consumption preferences/needs etc (Fuller 1990). Further, the type of income generation activities carried out by households could vary based on the season. Selecting a proper combination of on and off-farm activities (Krasovec 1983), introducing activities which are complementary to each other (Hetland 1986), and not having highly positively correlated activities (Schwab et al 1989) have been recognized as determining a farmer's ability to accumulate wealth through pluriactivity (Rupena-Osolink 1983). Accordingly, it could be argued that the portfolio of income generation activities



carried out by farming households could have an effect on determining the success achieved by pluriactive households. Therefore, it will be interesting to compare and contrast the portfolio of income generation activities carried out by better-off and worse-off pluriactive farming households in a given context.

### **2.3. Entrepreneurial Behaviour of Pluriactive Farming Households**

The ability of perceiving opportunities and matching these with available resources play a major role in attempting to engage in more than one income generation activity by farming households (Kodithuwakku 1997). This entails overcoming existing constraints (Vale and Binks 1990) and discovering and creating new opportunities (Kirzner 1984). This process of matching resources with perceived opportunities which results in the accumulation of wealth could be defined as the entrepreneurial process (Scott et al 2000).

However, it is evident that not all pluriactive households end up accumulating wealth (Kodithuwakku 1997). Accordingly, it could be argued that only the more entrepreneurial households will succeed in accumulating wealth by being pluriactive. Therefore, it is interesting to investigate as to what extent, better-off pluriactive households vary from worse-off households in relation to their entrepreneurial behaviour. Literature has identified entrepreneurial behaviour; reinvesting profits by delaying consumption (Kodithuwakku and Rosa 2002) (which is known as deferred gratification), capitalising social network (Black 1986), and going beyond resource limitations (Vale and Binks 1990) re some of these. Further, it was found that entrepreneurs creatively utilize a myriad of resources irrespective of having ownership to those (Kirzner 1973).

According to some entrepreneurship literature, environmental context determines entrepreneurs' ability to match resources with opportunities (Ucbasaran et al 2000). Environmental context, on the one hand, determines the availability of data which in turn affects entrepreneurs' ability to perceive opportunities. On the other hand, the availability of resources that are needed to match with identified opportunities, is dependent on the

environmental context (Ucbasaran et al 2000). In a rural context, (which could be characterised as a resource constrained environment) it is necessary to utilize resources efficiently and effectively and also go beyond resource limitations in order to achieve socio-economic success (Vyankarnam 1990). The spirit of entrepreneurship, according to the same authors, relies upon the ability to capitalize whatever the opportunities available in a given environment, which might also require the entrepreneur to go beyond the resource limitations. In such environments entrepreneurs become pluriactive in their attempt to maximize the capitalization of a myriad of smaller opportunities, in some cases leading to portfolio-entrepreneurship. Owing to the heterogeneity of household in terms of available resources, it will be interesting to compare and contrast better-off and worse-off pluriactive households in a rural context.

### **3. Research Methodology**

In this research ‘interpretivism’ is used as the philosophical stand point. Accordingly, it is believed that social actions constitute subjective meanings which could be interpreted in an objective manner. Here the meanings the interpreter produces are considered as original meanings that explain the action. Having considered research objectives and philosophical stand point, it was decided to use a qualitative methodology and employ triangulation in order to enhance validity and reliability. The intention being to get closer to the external reality of the research subjects (Schwandt 2000).

Sampling design commenced with the selection of a research site. The research was carried out as a part of an ongoing project in Kurunegala district. This was made possible by the Sri Lanka Australia Natural Resource Management Project (SLANRMP), which is funded by the Australian Agency for International Development (AusAID).

The baseline study reports and project site selection reports prepared by the project staff were used for the purpose of selecting an appropriate research site in Kurunegala district (SLANRMP 2004). Since the purpose of this study was to compare and contrast better-off and worse-off pluriactive rural households, site selection was mediated by the characteristics of households in each Divisional Secretariat (DS)<sup>2</sup> highlighted in the project reports.

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<sup>2</sup> Kurunegala District comprised 30 Divisional Secretariats

Accordingly, Polpitigama Divisional Secretariat (DS) division was selected as the appropriate research site since it comprises a relatively larger proportion of pluriactive and heterogeneous (in terms of social well-being) households (SLANRMP 2004)<sup>3</sup>.

The village consisted of 130 households in total and the ‘household’ was treated as the unit of data collection and analysis. Households have been identified as the most appropriate unit to study to understand changes in the farming sector (Arkleton Trust Project 1989).

The population was stratified initially as 36 better-off households and 94 worse-off households based on the information provided by key informants<sup>4</sup>. The key informants were the *Praja Niyamaka*<sup>5</sup> and two small provisions store owners<sup>6</sup>. The usage of key informants to obtain initial information regarding the population of households is a strategy that has been widely adopted (Kodithuwakku 1997; Tremblay 1982; Johnson 1982; Kodithuwakku and Rosa 2002).

It was evident from the information provided by the key informants and baseline study reports that the better-off households had a greater diversity of income generation activities and more non-routine behavioural patterns than the poorer households. Accordingly, it was decided to include all the better-off households into the sample. This was mainly due to the anticipation of the researchers that capturing all this diversity would provide a richer understanding of the adopted behaviours. In contrast, it was evident that the worse-off

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<sup>3</sup> As this research doesn’t attempt to achieve statistical generalization (as opposed to analytical generalization), the method used to select the research site was considered as the most appropriate technique in order to achieve the chosen research objectives.

<sup>4</sup> The sampling frame was presented before each key informant separately and they were asked to provide information on income generation activities carried out by each household in the population and their differential socio-economic status (i.e. worse-off households and better-off, with reasons). Since it is a village with 130 households with very high level of interactions among them, the key informants had thorough knowledge about villagers. The information obtained from each key informant was compared and contrasted and high level of convergence was observed except for a few inconsistencies which were later agreed on. The usage of the three key informants to obtain initial information enabled effective triangulation of information and thus enhanced the validity of the stratification of households. In addition, the key informants acted as gatekeepers to the village.

<sup>5</sup> Praja Niyamaka is elected by villagers as the representative of the village in order to coordinate activities of the ongoing development projects.

<sup>6</sup> All the people in the village transact with these two small provisions store owners and thus they were well aware of financial status of households.

households were involved in more or less similar types of income generation activities. Accordingly, worse-off households were grouped according to their types of income generation activities and a stratified random sample of 36 was selected.

Both primary and secondary data were obtained. Primary data was gathered through conducting in-depth interviews and group discussions with households, key informants (Kodithuwakku 1997) and project staff, direct observations (Hartley 1989) and participating in village committee meetings. In-depth interviews were aided by an unstructured questionnaire. The main aim of the primary data collection was to capture information about the motivations of households to become pluriactive, the types of income generation activities carried out and the ways that they engage in these activities. The information provided about how they carry out income generation activities were later analysed to understand the extent of entrepreneurial behaviour exhibited by these households. Secondary data were obtained from base line reports and project site selection reports produced by SANRMP. The main aim of gathering this secondary data was to obtain information on income generation activities carried out by these households. The information gathered through these different data sources and methods were compared and contrasted and a very high level of convergence was observed. Accordingly, it is believed that the use of multiple data sources and methods has improved the validity (Bonoma 1985) and the reliability (Kirk and Miller, 1986) of this research.

Qualitative data analysis was conducted and the findings were supplemented by quantifiable evidence, where possible. “Within case analysis” was performed in order to identify the key processes within each case<sup>7</sup> (Kodithuwakku 1997) and “Cross case analysis” was performed in order to identify patterns in terms of similarities and differences (Eisenhardt 1989).

#### **4. Results and Discussion**

In this section the better-off and worse-off rural farming households are compared and contrasted based on (a) motives to become pluriactive (b) the nature of the portfolio of income generation activities carried out (c) entrepreneurial behaviour.

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<sup>7</sup> Better-off and worse-off household groups were considered as two cases.

#### 4.1. The Motivation to Become Pluriactive – Better-off Vs Worse-off Rural Farming Households

It was apparent that household behaviour and motivation were shaped by the surrounding environmental conditions. In particular the bio-physical environment played an important role in the context of crop cultivation. Both better-off and worse-off households engaged in crop cultivation even though the relative importance of income received from crop cultivation was low with respect to better-off households (this will be discussed in detail below).

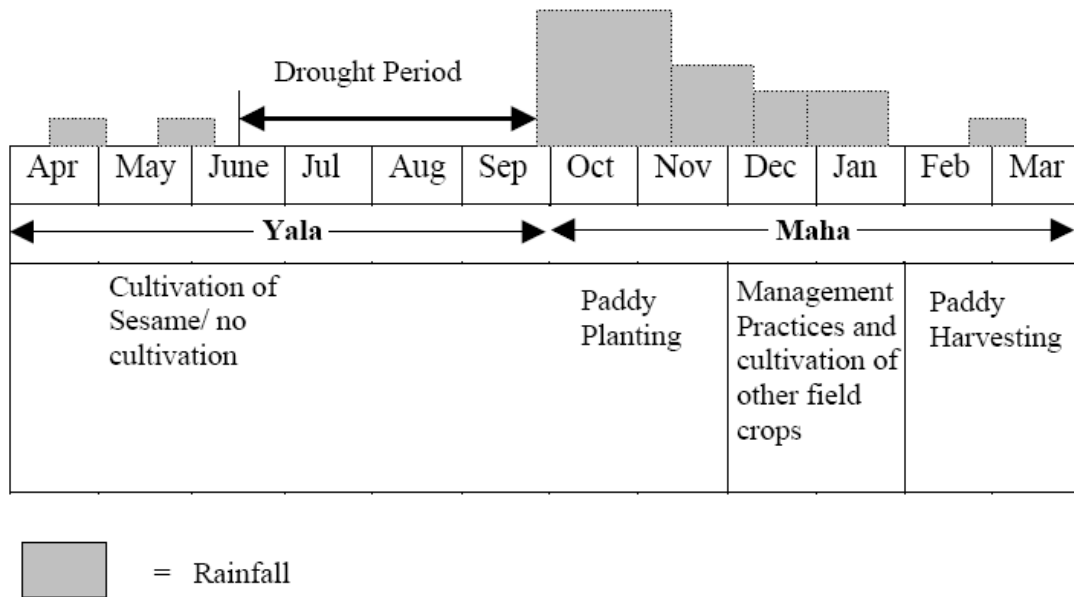
The research site was an example of a resource constrained and harsh environment as it doesn't receive enough rainfall to cultivate crops during *Yala* Season<sup>8</sup>. As illustrated in Figure 1, the lack of rainfall and poor irrigation facilities, which served only 28.44% of the total cultivated area (SLANRMP 2004) restricted *paddy*<sup>9</sup> cultivation to the *Maha* season. Paddy was planted with the rainfall in October and harvested during March when the rainfall was less. Accordingly, these restrictions on the cultivation of paddy, which resulted in insufficient income from farming, was the initial 'push' motive for both the better-off and worse-off households to engage in more than one income generation activity.

Further, both the groups reported that lack of prospects for fulltime work, uncertainty, and income fluctuations from paddy cultivation had led them deciding to engage in more than one income generation activity. Accordingly, it is apparent that the initial decision to be pluriactive had been governed by 'push' motives for both the better-off and worse-off households.

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<sup>8</sup> Sri Lanka has two main rainy seasons called *Yala* (April to September) and *Maha* (October to March) based on the intensity and the distribution of the rainfall. *Yala* season is considered as the minor season through which the dry zone of the country receives rainfall from the South-West Monsoons whereas *Maha* season is considered as the main rainy season through which both the dry zone and the wet zone receive rainfall from North-East monsoons.

<sup>9</sup> Paddy is the main crop cultivated by farmers in Sri Lanka



**Figure 1: Rainfall distribution pattern and its effect on household behaviour**

However, these two groups differ in terms of their subsequent motives to enhance the portfolio of income generation activities. It was evident that engaging in more than one income generation activity had provided only a subsistence living for worse-off households and either they had not increased the number income generation activities or if they had increased, this continued to be motivated by ‘push’ factors.

This aspect was evident from the following statement made by a member of a worse-off household;

*“Since the cultivation of crops in our own lands didn’t provide us with enough income, we decided to be tenant farmers. However, due to lack of rainfall, both crop cultivation and such tenancy arrangements were limited to Maha season. Because of this reason, later we decided to work as labourers in the off-farm businesses carried out by some other villagers, which gave us some income during Yala season”*

In contrast, a member of better-off household explained;

*“Initially our decision to engage in more than one income generation activity was driven by the fact that we didn’t earn enough income from crop cultivation. Later we realized that we*

*could enhance our income and provide very good education for our children through engaging in other income generation activities. Hence gave a lower emphasis on crop cultivation and allowed some tenants to cultivate crops in our lands and got a share of the income. We placed more emphasis and spent more time on other businesses which generated substantially higher income. Initially we started a small provisions store and then a rice mill. Now we have three boutiques, a rice mill, a communication centre, and a paddy buying and selling business..... We were driven by the desire to achieve higher social status in the village, accumulate wealth, and provide better education for our children, etc....that's why later on we expanded the portfolio of income generation activities"*

The above distinction was clearly visible between subsequent motives of better-off and that of worse-off households. It was clearly evident that both groups were motivated initially by push factors (i.e. necessity), but better-off households were later driven by 'pull' motives while there was no change of motives with respect to worse-off households.

#### **4.2. Portfolio of Income generation activities carried out by Pluriactive Farming Households - Better-offs Vs. Worse-offs**

Better-off and worse-off households were compared and contrasted based on the portfolio of income generation activities carried out by them. As illustrated in table 1, most of the better-off households (63.8%) had established their own off-farm businesses. A considerable proportion of better-off households (58.3%) have member who are fulltime employee (s). In contrast, all the worse-off households engaged in selling wage labour to on or off farm income generation activities. In most cases they work for the businesses established by better-off households. Some (30.6 %) worked as tenants in the fields of better-off households. These tenancy agreements were not permanent and the power of making the decision regarding continuation or termination of the agreement was vested upon the land owner who was usually a better-off household.

**Table 1: Portfolio of Income generation activities**

Category	Portfolio of income generating activities	Percentage of each category
Better-off households	Full-time employment+Crop cultivation	36.1
	Full-time employment+Off-farm businesses+Crop cultivation	22.2
	Off-farm business/es+Crop cultivation	41.6
Worse-off households	Selling on or off-farm wage labour+Work as tenants+Crop cultivation	30.6
	Selling on or off-farm wage labour+Crop cultivation	69.4

Apparently, there is a difference between better-off and worse-off households with respect to the nature of the portfolio of income generation activities carried out by them. Table 2 illustrates different combinations of income generation activities carried out by selected better-off households.

**Table 2: Portfolio of Income Generation Activities Carried out by Better-off Pluriactive Households**

Case	Portfolio of income generation activities
1	Small provisions store +Mill+Sewing clothes+Communication Center+Crop Cultivation+Paddy buying and selling business
2	Crop cultivation+Vehicle brokering+Confectionary factory
3	Crop Cultivation+Carpentry work+Hiring out tractor and dynamo+Hiring out van
4	Crop Cultivation+Quarry+Foreign Remittances,
5	Assistant Agricultural Research Officer+Crop Cultivation+Supplying ground nut certified seeds

In respect of Case 1 (above), it is evident that the household has benefited through the particular combination of activities carried out by them. They owned a boutique, a money lending business, a paddy buying and selling business and rice and flour milling business, in addition to crop cultivation. They sold goods on credit in the small provisions store and carried out a money lending business where the debt was repaid with paddy during the harvest period. This arrangement had enabled them to purchase paddy in bulk from villagers



at the lowest price without any cash (since paddy was exchanged for credit) and reduce the cost and time of collection of paddy since the villagers were obliged to come to the small provisions store and sell paddy to the small provisions store owner in order to repay the debt. He used rice and flour mills to convert paddy into rice and then to flour, thereby adding value. In addition to selling rice and flour in the boutique, he sold rice to outside traders in bulk during the period in which rice fetches the highest price. A portion of paddy they collected was left un-milled and sold to outside traders when paddy prices were high. The above combination of income generation activities allowed the household to benefit from related activities and vertical integration.

It was also observed that the business activities carried out by better-off households had also provided employment opportunities to worse-off households. Accordingly, it could be stated that the success achieved by better-off households has a trickledown effect to other villagers. Further, the engagement in off-farm business activities resulted in better-off households having a lower level of dependency on farming as a source of income while the opposite was true for worse-offs households.

As discussed, the portfolio of income generation activities carried out by better-off households was significantly different to that of worse-off households who had a limited number of other income generation sources that were often of poorer quality than the arrangements entered into by higher income households e.g. short-term wage contracts as opposed to more permanent employment, agreements to sell paddy at harvest time (when the price is lower) in return for credit etc.

#### **4.3. Entrepreneurial Behaviour of Pluriactive Farming Households – Better-offs Vs. Worse-offs**

Better-off and worse-off households were compared and contrasted based on their entrepreneurial behaviour. It was evident that better-off households capitalized on perceived opportunities through going beyond resource limitations. Such behaviour was not observed among worse-off households. Accordingly, the following sections illustrate some cases of better-off households as evidence for their entrepreneurial behaviour.

Better-off households made use of social networks in order to overcome resource constraints through mobilising resources not possessed by them. For example, one householder who had the technical knowledge and skills to run a quarry (but did not have the capital to buy one) had made a profit-sharing agreement with another household who owned a quarry but was unable to operate it profitably. The skilled householder now runs the quarry profitably while providing employment opportunities for about 10 villagers. In this case, the skilled householder overcame the resource limitation through creatively arranging an agreement by utilising their social network.

Deferred gratification was another quality observed among better-off households. For example, one household said;

*‘Initially we started a small provisions store in one room of our two-room house and thus we had only one room to live. We didn’t even have a proper kitchen. After one year, from the money accumulated, we constructed another room which was used by my wife to start a tailoring shop. After few years we invested in a shop in the nearby town to sell clothes. We lived in that small room until we expanded the business so that we could employ six employees in the tailoring business and three employees in the shop in the town, and one employee in the boutique. During all these years we were investing the profit back to the business.’*

This is a clear illustration of how better-off households deferred their spending on consumption. In contrast, worse-off households hadn’t shown such initiative or reinvestments. Even though worse-off households were working for the better-off households, they had not attempted to start their own businesses. Accordingly, it could be concluded that despite both the types of household being pluriactive, better-off households have been the more entrepreneurial.

## **5. Conclusions**

As illustrated in the previous section it was clear that better-off and worse-off pluriactive rural farming households vary based on the motive to be pluriactive, the nature of portfolio of income generation activities and entrepreneurial qualities.

It was evident that despite both categories being motivated by ‘push’ factors initially, the motive of better-off households transformed into ‘pull’ motives after the initial phase, while the motives of worse-off households remained largely unchanged. This finding supports Rosa et al (2006) who argued that motives could change over time. Therefore, it could be stated that when attempting to relate motives to achievements it is important to study changes in motives. Concentrating only on start-up motives as a predictor of socio-economic success is unlikely to be appropriate, since motives change over time.

The better-off households, who were later motivated by ‘pull’ factors, introduced a range of off-farm income generation activities (mostly by way of establishing their own businesses) to their portfolio. Worse-off households had a more limited number of income generation activities and a higher level of dependency on better-off households who could provide them with wage earning opportunities. Accordingly, it could be stated that, the success achieved through being pluriactive is dependent upon the nature and breadth of portfolio of income generation activities. It was also observed that, better-off households were less dependent on their own farming activities while farming/paddy cultivation was the main source of income for worse-off households. These worse-off households also accumulated debt throughout the year as a result of buying goods on credit and taking loans for paddy cultivation.

It was also found that better-off households capitalized on opportunities through making use of social networks (Black 1986), going beyond resource limitations by way of enhancing opportunities to utilise resources regardless of having ownership (Kirzner 1973), and practising deferred gratification (Kodithuwakku and Rosa 2002). In contrast, worse-off households showed less entrepreneurial behaviour in terms of developing their portfolio of income generation activities.

## **6. Implications of the Study**

It was quite evident from this study that the socio-economically worse-off farmers were more survival oriented (as they were driven by necessity) whereas the socio-economically better-off farmers were more opportunity driven in carrying out their livelihood/business activities. It was the opportunity driven nature of those better-off farmers that has enabled them to achieve subsequent business growth and the creation and accumulation of wealth. Such entrepreneurial actions of better-off farmers have also led to the creation of more survival

means, such as employment opportunities, for those worse-off farmers. The question that the development policy makers should try to address in this setting is how efficiently and effectively they could allocate available resources in achieving their socio-economic developmental goals. One could argue that meaningful solutions for existing development related problems could only be arrived at by channelling developmental resources through more better-off and entrepreneurial population, as such efforts would at least create a conducive environment for poorer segments of the population to survive. Furthermore, it is also evident from this study that attempting to achieve socio-economic development in constrained and low opportunity environments mainly through promoting agriculture would not bring about sustainable developmental outcomes.

There has been a recent trend to reduce motivations associated with the start-up of new businesses to “push” and “pull” (i.e. necessity and opportunity entrepreneurship) motives. Entrepreneurs motivated by push factors are particularly linked with less developed countries whereas entrepreneurs motivated by pull factors are mostly linked with developed countries, where more choice is available (Acs et al. 2005) for carrying out businesses. This study demonstrated that entrepreneurs may be motivated by both pull and push, and both may be relevant if a successful new business is to emerge. Hitherto there has been little research, either on developing or developed countries, on how pull and push motives combine during the entrepreneurial process to achieve a successful start-up and subsequent growth.

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