

Impact of Personal Behaviors in Entrepreneurship on the Poverty Alleviation

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ABSTRACT

There is a recent growing increase in the entrepreneurship because of its functions of “blood circulation, blood exchange, and hematopoiesis” in poverty alleviation. Entrepreneurs in poverty-stricken areas are the main body of entrepreneurship and poverty alleviation. Therefore, investing their characteristics which have a positive effect on poverty alleviation has become the focus of improving poverty alleviation effectiveness. The purpose of the paper, therefore, is to know about the characteristics of poor entrepreneurs and explore the relation among entrepreneurship willingness, resources and the effect of poverty alleviation. The results show that a significant and positive relation exists between entrepreneurial resources and the effect of poverty alleviation; and entrepreneurial willingness plays a part of the intermediary role in this relation.

Keywords: *Poverty alleviation through entrepreneurship, Entrepreneurial willingness, Entrepreneurial ability, Entrepreneurial resources.*

1. INTRODUCTION

Recent years have been witnessing a growing interest in poverty alleviation through entrepreneurship. It is an endogenous poverty alleviation model in which poor groups self-manage and operate small or micro enterprises in a specific economy to obtain sustained profits and achieve poverty alleviation. Under this model, since the poor are the initiators and operators of entrepreneurial activities, their characteristics have a vital impact on entrepreneurial outcomes. For a long time, the society’s assistance to the poor has tend to be resource support. Although this approach has eased the situation of resource scarcity, the effect of poverty alleviation is still far from expected. It can be seen that the influence of entrepreneur characteristics on the effectiveness of entrepreneurial poverty alleviation does not exist independently, but functions as a combination. Therefore, exploring the relationship between individual characteristics and the mechanism of action on the effect of poverty alleviation is of great significance to improving the quality of poverty alleviation.

2. REVIEW OF LITERATURE

There are two characteristics that have attracted attention when discussing the influence of personal

characteristics on the results of entrepreneurial activities: willingness and resources. The existing literature has defined entrepreneurial willingness as the subjective attitude and tendency of potential entrepreneurs to start a business based on whether entrepreneurial behaviors occur or not[1]; and points out that the differences in poverty alleviation ambitions and entrepreneurs motivations of the poor will affect their willingness to alleviate poverty, which will further affect the effectiveness of poverty alleviation[2]. When discussing the entrepreneurial willingness of poor farmers, most scholars think that due to the influence of poverty culture and resource constraints, such people lack the adventurous spirit and venture capital, so their willingness is not strong[3].

Resources are generally regarded as the basic carrier for the realization of entrepreneurial value, which affects the operational efficiency and market competitiveness of enterprises [4]. Therefore, it is regarded as a key factor in the improvement of enterprise performance. The resource-based theory mentioned that highly heterogeneous resources that are difficult to imitate and replace have become the main reason for the persistence of performance differences between enterprises [5]. In terms of the source of resource acquisition, some studies believe that the scale

of social network, personnel structure and relationship strength will significantly affect the quantity and quality of resources obtained by entrepreneurs [6].

Although there exists a large body of scholarly work on the relationship between individual characteristics and poverty alleviation through entrepreneurship in China, empirical findings on them still appear to be scant. In addition, existing studies mostly focus on the direct relationship between traits and the effectiveness of poverty alleviation or the influence of external factors on traits, while slightly neglecting the relationship between different traits and whether this relationship will have an indirect impact on the effectiveness of poverty alleviation. This paper, therefore, investigates some entrepreneurs in poverty-stricken villages. The main objectives are: to access the level of their entrepreneurial characteristics and to explore the relationship structure between the above two characteristics and the effectiveness of poverty alleviation through entrepreneurship.

3. THEORY AND HYPOTHESES

Entrepreneurship orientation was first proposed by Millier in 1983. The theory originated from the category of strategic management and decision-making. It is a decision and measure made by a company or individual for sustainable development, and it is also a willingness to take risks in order to take advantage of new opportunities.

In this paper, this theory is used to develop and test four hypothesis.

First, in the entrepreneurial context, resource constraints are the primary limiting factor faced by entrepreneurs [7]. Some studies have shown that in a developed financial system, the easier it is to obtain external financing, the better corporate performance can be improved [8]. However, the poor households have a low savings rate, which prevents them from accumulating sufficient assets. Therefore, funds have become the main constraint that restricts entrepreneurs from getting rid of poverty [9]. What's worse, the poor have low education level, so they lack business knowledge and timely and effective information. This makes their entrepreneurial activities often lack

innovation, which not only affects entrepreneurial activities, but also restricts the growth of entrepreneurial enterprises. Hence, we hypothesize the following:

H1. Entrepreneurial resources are positively affecting the effectiveness of entrepreneurial poverty alleviation;

Second, since entrepreneurship is a high-risk investment process, the ability to invest in key elements such as capital, technology, and personnel directly affects the future expectations of entrepreneurs [10]. That is to say, the more abundant the resources and the scarcer the technology, the stronger the guarantee and support that the poverty-relief objects can perceive, so that they are more likely to participate in entrepreneurial activities [11]. However, the poor are unable to make a commitment to invest a lot of resources; so they have a lower tendency to achieve poverty alleviation through entrepreneurship [12]. What's worse, because poor households lack knowledge and follow old ideas, they do not have the innovative thinking and knowledge to start entrepreneurial behaviors. In addition, due to the remote environment, it is difficult for poor households to receive information about emerging industries, which greatly affects their grasp of entrepreneurial opportunities, so they can only struggle for a long time in the traditional breeding industry. In response to the above problems, some studies have proposed that the cultivation of the entrepreneurial traits of the poor and the improvement of learning ability can significantly enhance entrepreneurial willingness [13]. Therefore, we hypothesize the following:

H2. Entrepreneurial intentions play a mediating role between entrepreneurial resources and entrepreneurial poverty alleviation effectiveness.

4. EMPIRICAL STUDY

4.1. Index Measurement

The scale of this research is based on the mature scales in the existing literature and adjusted according to the research needs. Based on the Likert scale design, all indicators in the scale use a 5-level scoring method; and the variable measurement indicators are shown in Table 1.

Table1. Index measurement

Variable	Measurement Index	References
Entrepreneurial resources	Financial capital	Franco M, Haase H (2013)
	Equipment	
	Technology	
	Experience in entrepreneurial activities	
Entrepreneurial willingness	I will make every effort to start and run my own firm	Linan F, Chen YW (2009)
	I have the firm intention to start a firm some day	
	I am determined to create a firm in the future	
Effectiveness of Poverty alleviation	Is your household income per capita higher than before?	Rene Diaz-Pichardo, etal. (2014)
	Have you achieved impressive results in your entrepreneurial activities?	
	Continuous projects monitoring from managers help the members to be more responsible.	
	Teamwork and supports from members are important factors which contribute to the success of entrepreneurial programs among members.	

4.2. Sample and Collection

This study mainly examines the relation between entrepreneurship characteristics of poor households and poverty alleviation effect in Hubei and Henan provinces, China. A questionnaire was used to conduct the interview in 2020. With a total of 200 questionnaires administered, 172 were returned, representing a retrieval rate of 87.26 percent. In order to obtain real and effective information, the research team first went to the local poverty alleviation office to obtain the data of the poor households who filed cards, then went to the village to interview the neighbors of the poor, and finally collected the policy identification data and social identification data for comprehensive consideration. Take into account this, the investigation target is determined.

4.3. Data Analysis Methods

Based on the SEM, we employed SPSS 22.0 and Lisrel to conduct exploratory factor analysis and confirmatory factor analysis to obtain the reliability, validity, competition model.

4.4. Socio-demographic Characteristics of Respondents

Table 2 shows the socio-demographic profile of the respondents. The results indicate that more males

(72.7%) participate in entrepreneurship. This shows that although entrepreneurship is still a male-dominated sector, feminization in entrepreneurship is gradually taking place in China. In terms of age, 55.7 percent of the respondents are young adults aged between 31 and 60 years. This is indicative that in poverty-stricken areas are the main force of entrepreneurship. Further still, the years in business shows that 76.8 percent of respondents have been in business for less than five years. This finding confirms that entrepreneurship in poverty-stricken areas of China is in its infancy.

Table 2. Socio-demographic characteristics of respondents

Characteristic variable	Description	Frequency	Percentage (%)
Gender	Male	125	72.7%
	Female	47	27.3%
Age (years)	≤30	7	4.1%
	31~40	24	14.0%
	41~50	70	40.7%
	51~60	57	33.1%
	~60	14	8.1%
Year of entrepreneurship	<1	36	20.9%
	1~3	51	29.7%
	3~5	45	26.2%
	5~10	31	18.0%
	>10	9	5.2%

Table 3. Means, standard deviations, and reliability tests

Construct	Item	Mean	Standard deviations	α	Factor loadings
ER	Y1	3.58	1.119	0.874	0.73
	Y2	3.56	0.912		0.79
	Y3	3.19	1.060		0.85
	Y4	3.34	1.027		0.82
EW	Y5	3.27	1.155	0.886	0.92
	Y6	3.38	1.083		0.94
	Y7	3.45	1.286		0.71
EOPA	Y8	3.36	1.070	0.873	0.86
	Y9	3.05	1.223		0.90

KMO=0.892; χ^2 /df=2.0854 ; RMSEA=0.080 ; CFI=0.98; IFI=0.98; PGFI=0.56 ; PNFI=0.70

Notes: ER, entrepreneurial resources; EA, entrepreneurial abilities; EW, entrepreneurial willingness; EOPA, effect of poverty alleviation; α , Cronbach's alpha

Table 4. Results of hypotheses testing

Path of hypothesis		Estimate(β)	T-value	P-value	Supported/not support
H1:ER→EOPA		0.955	15.972	0.000***	support
H2:ER→EW→EOPA	ER→EW	0.886	14.111	0.000***	support
	EW→EOPA	0.670	11.341	0.000***	
	EA→EOPA	0.631	7.167	0.000***	

Note: *p<0.05; **p<0.01; ***p<0.001

4.5. Descriptive Statistics

Table3 presents the results of the EFA using principal component and common factor analysis CFA. Following the EFA, the Cronbach's α values ranged from 0.873 to 0.886, and the factor loadings of all items were greater than 0.7. The above two indicators show that the scale has good reliability. In addition, the results of the KMO test and the Bartlett spherical test indicated that the scale has good validity.

4.6. Tests of Hypotheses

After the overall model indices were approved, hypotheses were tested via SEM, with the results shown in Table5. The result indicate that every path was significant at the p=0.001level. What's more, all the paths had positive and significant effects. Therefore, all the hypotheses have been supported

5. CONCLUSION AND DISCUSSION

The findings show that entrepreneurial resources have strong effect on the effect of poverty alleviation ($\beta=0.955$, $t=15.972$, $p=0.000$). The effect of entrepreneurial willingness between entrepreneurial resources and the effect of poverty alleviation is partially intermediary ($\beta=0.886$, $t=14.111$, $p=0.000$; $\beta=0.670$, $t=11.341$, $p=0.000$). The theoretical significance of this paper is that it expands the research boundary of entrepreneurship and poverty alleviation, and enriches the research perspectives on the effects of poverty alleviation. What's more, the practical significance is that it can help the poverty alleviation departments understand the weaknesses of poor entrepreneurs, and provide valuable suggestions for

implementing precise assistance measures and improving the effect of entrepreneurial poverty alleviation.

This study has some limitations. First, the data collected in this article is limited to the two provinces of China, which weakens the general representation of the conclusion, to a certain degree. Second, the entrepreneurial characteristics considered in this paper are not sufficient, so the explanation of the factors affecting the effect of poverty alleviation is not comprehensive enough. In the future, the study will cover more province and factors, and will introduce the impact of cooperation on the effect of poverty alleviation.

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