

THE CHALLENGES AND OPPORTUNITIES OF ENTREPRENEURIAL IN RURAL AREAS: CASE OF SELECTED TEN COUNTIES IN NORTHEAST NORTH CAROLINA

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Abstract

This paper examines the challenges and opportunities facing entrepreneurs in Northeast North Carolina. Entrepreneurship has been practicing for many years in several countries and it has been a driving force for alleviating poverty in many countries especially in developing nations. Many policy makers and scholars strongly believe that economic growth can be achieved through entrepreneurship. The main objective of the paper was to identify the challenges and opportunities for entrepreneurs in Northeast North Carolina.

The paper selected ten counties in Northeast North Carolina to examine the challenges that hindered the progress of entrepreneurs because they are not different from other entrepreneurs in developed and developing countries. To address the challenges of women entrepreneurs, it is significant to understand these challenges facing entrepreneurs in the ten selected counties in Northeast North Carolina. The paper concluded and recommended that government should encourage and support entrepreneurs in Northeast North Carolina so as to promote economic growth especially the affected ten counties.

Keywords

Entrepreneurship, Challenges, Opportunities, Rural Areas, and Innovation

Introduction

Entrepreneurs in the rural areas have great ideas but lack access to credit, infrastructures, and have no proper networking or connections and yet try to balance work and family life. They have many challenges to face and some of them have no idea on how to write a business plan for their business. The ability to write a business plan can help an entrepreneur to identify critical resources needed to starts and run the business such as financial capital to structure the business. Entrepreneurs in Northeast North Carolina have little or no knowledge of how to write a business plan and use social media to advertise their new products and services. The question comes to mind, what is entrepreneur? Entrepreneur is a person that starts and operates a small business and who discover market needs and new products such as COVID-19 products that helps to minimize the spread of the virus to the citizens. Being an entrepreneurial is challenging, however, entrepreneurs are risk takers and they have an impetus for change, innovation, and progress. Innovation can be the idea of new product, new service, new technology or new mission statement. According to Wood (2019), he mentioned that the challenges to innovation are not about the technology but the culture and the vested interests that resist change and this is one of the challenges of these ten counties, no adequate support from the authorities.

Statement of Problem

Illiteracy is a big problem in Northeast North Carolina and for the past 10 years, illiteracy rate has not changed in United States. According to the U.S. Department of Education, 54% of U.S. adults 16-74 years old cannot read. In short, about 130 million people lack proficiency in literacy, reading below the equivalent of a sixth-grade. With this statistics it difficult for any firms to hire any adult that cannot read. Low literacy levels among U.S. adults could be costing the economy \$2.2 trillion a year.

This is one of the problems that needs to be ratified through education and training

Poverty is the second problem in Northeast North Carolina and yet poverty rate in North Carolina still remains well above historical averages. Statistics indicated that poverty rate in the ten counties in Northeast North Carolina is from 12.4% to 43.2% when compared to other areas of North Carolina. With the statistics of high illiteracy rates keeps people trapped in a cycle of poverty and defeat, limiting life choices and making it difficult to achieve social mobility. With the encouragement of women entrepreneurship in the ten counties can empower individuals to control their own lives and improve their standard of living. The best solution is to train and educate these groups to start their own small business so as to be financial independent rather than depending heavily on government welfare.

Low income is the third problem in Northeast North Carolina, medium household income starts from \$22,798 to \$52,481 when compared to other cities in North Carolina. Low or no income can lead to hardship and low economic growth.

Unemployment rate is the fourth problem and is high in the ten selected counties of Northeast North Carolina. The unemployment rate is from 3.0% to 8.20% when compared to U.S. unemployment rate of 3.6%. The table below shows that unemployment rate is indeed high.

	County	Poverty Rate	Median Household Income	Unemployment
1	Bertie	22.8%	35,042	4.6%
2	Camden	7.99%	39,122	3.0%
3	Chowan	17.3%	44,050	3.8%
4	Currituck	9.6%	73,741	3.0%
5	Halifax	23.9%	35,904	5.8%
6	Pasquotank	14.0%	54,439	4.0%
7	Perquiman	16.02%	51,036	4.1%
8	Pitt	17.1%	49,337	3.7%
9	Gates	13.2%	45,871	3.0%
10	Washington	24.30%	30,941	8.20%

Source: United State Census Bureau Quick Facts

Table 1: Poverty Rate, Median Household Income, and Unemployment

Objective of the Study

The paper sets out to examine the challenges and opportunities of entrepreneurs in ten counties of Northeast North Carolina. The specific objectives are:

- (1) Examine the financial resources to operate a small business in the selected ten counties of Northeast North Carolina.
- (2) Examine the roles of government in support of entrepreneurs in the selected ten counties to start a small business in Northeast North Carolina.
- (3) Examine the impact of business plan and training to promote future business growth in the selected ten counties of Northeast North Carolina.

Research Questions

- (1) Is it important for entrepreneurs in the ten selected counties to have financial capital to start a business?
- (2) Is it necessary for government to support entrepreneurs in the ten selected counties to start a small business that will empower entrepreneurs to be creative and contributes in Northeast North Carolina economy?
- (3) Is it proper to engage entrepreneurs to have a business plan and training to promote future growth of businesses in the ten selected counties?

Scope and Significance of the Study

The paper is limited to only small businesses in the ten selected counties of Northeast North Carolina. Nevertheless, to ensure the survival and growth of these ten counties, small business entrepreneurs must be instituted and encouraged by the government and chamber of commerce in providing adequate resources and training needed to allow creation of new ideas, products and services.

Challenges of Entrepreneurs in the Ten Selected Counties

(1) Lack of capital is one of the challenges of entrepreneurs in these ten counties whether the business is for-profit or non-profit. Some entrepreneurs go through many hardships in order to get access to capital for their business. While some entrepreneurs are able to save money to start a business, others have no idea how to get the money to start a business or where to borrow the money. Lack of appropriate assistance from financial institutions might not allow the entrepreneurs to take their businesses to next level of growth. Even though there is a wide range of financial institutions that offer business loans, they discouraged entrepreneurs by charging high interest rates and some of the entrepreneurs are low-income earners. Poverty is another standing block for entrepreneurs in these ten selected counties of Northeast North Carolina as stated in table 1.

(2) Lack of Vision and Strategic Business Plan: Lack of vision and strategic business plan can lead a business to early failure, so it is imperative for entrepreneurs to have a purpose, vision, and strategic business plan to guide their business regardless of economic situation.

(3) Lack of Adequate Government Support: Lack of adequate government support to entrepreneurs in the ten counties is one of the biggest challenges of entrepreneurs. There is little or no government assistance in terms of resources and connections.

(4) Lack of Adequate infrastructure: The condition of these ten counties' infrastructure can be deemed to be a nightmare to entrepreneurs and to the rest of the people in these counties. Little or no adequate infrastructure are in place within these ten counties; the counties internet broadband makes it difficult for entrepreneurs to connect and network with financial institutions or small business administration (SBA) who can assist entrepreneurs to secure loans needed for business. The lack of adequate connectivity and technology is another downside of operating business in these rural areas. Lack of access to broadband in rural areas is a common problem with entrepreneurs. In this 21st century known as modern age, broadband connectivity is necessary for all entrepreneurs in rural areas to remain viable. Broadband reduces the barrier of distance for the citizens of the community and it provides them access to other resources. Online access also provides many benefits such as applying for grants and loan that can provide value to these ten counties.

(5) Lack of Adequate Education: Proper education is a key to success. It is imperative for entrepreneurs to acquire necessary knowledge know-how to run and manage a business. It does not matter if the business is in the rural area, entrepreneurs must be able to connect with other businesses outside the counties and beyond. Education becomes a critical factor in empowering the entrepreneurs to write the business plan, manage the business properly, control logistics, market the products and services, and do the budgeting necessary to run the business. Uneducated or unskilled entrepreneurs may not understand how to write a business plan. Other challenges of entrepreneurs are fear of commitment, fear of failure, fear of success that others might demand more of them in the future.

Opportunities of Entrepreneurs in the Ten Counties

One of the opportunities for entrepreneurs in the ten counties is the benefit of starting a business that is affordable. For example, renting a space in the city can be more expensive compared to the remote location. (1) The ten counties remote location could be more beneficial if the business is closer to the source of the raw materials and labors that it needs. (2) Entrepreneurs can boost economic growth by introducing new products and services depending on types of products and services to produce. (3) With creation of new entrepreneurs in the ten counties can provide new job opportunities for the people, instead of the people in the counties leaving to look for jobs in the cities. Government incentives in these ten counties can boost competition among entrepreneurs. (4) Social Media: Social media is a huge opportunity for entrepreneurs, therefore, these ten counties can use social media to position their products and services in the local, national, and global markets especially to Africa or South American. (5) Creativity and innovation is an opportunity for entrepreneurs because innovation brings new ideas that replaces old practices. The position of this paper is that there are strong opportunities for entrepreneurs in the ten selected counties to grow despite their challenges.

Literature Review

Related literature was reviewed with the emphasis on understanding the concepts and the developments of entrepreneurs in the rural areas such as the ten selected counties. Entrepreneurship has been defined in many ways. Eisenmann, T.R. (2013) defines entrepreneurship as the pursuit of opportunity beyond resources controlled. Tobak Steve (2015) also defines an entrepreneur as “a person who starts a business and is willing to risk loss in order to

make money” or “one who organizes, manages, and assumes the risks of a business or enterprise. He further mentioned that entrepreneur plus capital equal products plus customers equal Business.

Duermyer, R. (2019) mentioned that there has been debate over the definition of an entrepreneur. He stated that some experts have a wide definition to include anyone who works for himself. Others have a narrower viewpoint, suggesting that an entrepreneur doesn't just work independently but also, the business involves innovation and leadership.

Prakash P. (2018) he mentioned that rural small businesses earn better profits and more financing vs. city ones. Prakash statement might be true in some developed nations unlike developing nations. He also stated that small businesses in the rural areas grow slowly, of course, growth is very slow when consumer demands are not provided.

Tazra Mitchell (2014), mentioned that fifty years ago President Johnson launched a crusade against poverty and to reduce hardship of families. She also stated that despite the progress to reduce poverty, economic hardship still remains high across many counties in North Carolina. North Carolina is facing a painfully slow economy growth and many workers are facing too few jobs and wage stagnation.

Rural area small businesses have limited customer base, they also have limited labor opportunities because of limited population and limited access. Limited customers cause limited money flows and that causes slower economy.

Literature indicates that rural area businesses brings benefit to the surrounding communities by providing economic and social development, this creates a resilience for citizens and small businesses against changing employment patterns and an ability to adapt to dynamic changes in the economic environment. This is very beneficial to small businesses in remote areas in overcoming challenges of their environment. Encouragement of entrepreneurs in rural areas is one of the best development strategies to improve small communities, including decreasing the effect of a brain drain, the migration of higher educated citizens to other cities. Another positive effect for counties is the fact that entrepreneurs are also philanthropic, in other words, they gave to charity due to local causes. Entrepreneurs in rural areas suffer due to lack of power supply and sometime the power supply is not sufficient to operate their equipment. With this type of situation, the business cannot operate effectively in producing quality products and services or accessibility to internet.

MacKechnie expressed that the view of Tim Mendham where he stated that innovation can increase productivity and is the fundamental source of increasing wealth in an economy.

According to Steve Jobs and Stelios Haji-Ioannou, stated that radical innovations often lead to economic growth, meaning that entrepreneurs who bring innovations to the market offer a key value-generating contribution to economic progress.

Methodology

The paper examined the challenges and opportunities of entrepreneurs in the ten selected counties of Northeast North Carolina. The paper uses literatures, online databases, journal articles, World Bank, and International Monetary Fund (IMF) to examine the study. The data from northeast North Carolina websites shows the problems of entrepreneurs in the ten selected counties. The paper questionnaires were giving to 110 individuals. A simple statistics were used to analyze the research questionnaires.

Results and Analysis

Description	# of Business Owners	Percent
Very Important	80	73%
Important	25	22.73%
Less Important	5	4.54%
Total	110	

Table 2

Table 2 provides helpful information about the questionnaire. The 80% percent of business owners agreed that it is very important for entrepreneurs to have financial capital to start a business. For example, the business will need product inventories, advertisement of the business, website for the business, and money to hire employees and monthly payment of the employees. In summary, financial capital has an impact on starting a new small business. The 22.73% percent also stated that it is important for business owners to have financial fit to run the business, while 4.54% percent says that it is less important to have financial capital to start a business. The fact is that no one runs a business without enough financial capital and the answer is true.

Table 3: Will Government support necessarily empower entrepreneurs in the ten selected counties to be creative and contributive to Northeast North Carolina economy?		
Description	# of Business Owners	Percent
Very Necessary	88	80%
Necessary	13	12%
Not Necessary	9	8.20%
Total	110	

Table 3

The table 3 indicates that 80% of business owners says that it is very necessary that the government support would definitely empower entrepreneurs in Northeast North Carolina to be creative and contributes to the ten counties. While 12% indicated necessary and 8.2% shows not necessary for government support. The 8.2% have no idea or understanding of the roles of government in the growth of the economy of a State and the nation.

Table 4: Do you think Training and business plan will significantly promote business performance in the ten counties?		
Description	# of Business Owners	Percent
Yes	98	89%
No	12	11%
Total	110	

Table 4

The table 3 describes 98% percentage of the business owners says that training and business plan is significant to promote business performance in the ten counties. Indeed, table 3 questionnaire is imperative for all businesses to have good training and a sound business plan in place so as to have a strategic focus in competing in today's global market.

Conclusions and Recommendations

In conclusion, the challenges and opportunities of entrepreneurs in the rural areas are a big concern of business people globally. Entrepreneurs have contributed so much in the growth of their communities and the global economy. Government should be an advocate for small businesses in the remote areas in terms of providing financial institutions that can lend money with low interest rate to start a small business of their own. It is imperative that the governments provide incentive and promote proper training on how to manage and market their products and services. It is also necessary for the governments to provide adequate training on strategic business plan so as to avoid any shortfalls. The recommendation will be to have a continuous business conferences or webinars to inspire and engage small businesses in the rural areas to continue to strategize and diversified in different businesses. There is a win-win situation between the government support and the small business startups, the government on the other hand benefits from business taxes, workforce expansion, and economic growth for any counties and state. Government support should be in the form of technical assistance, grants, grant writing, research opportunities, and worker training programs.

The governments must remember that small businesses are the backbone of any nations in terms of the increase in the GDP and growth of the economy

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