



A comparative study of behavioural change, motivation, risk-taking, and decision-making among urban and rural entrepreneurs in Raisen district

Ritika Senani¹, Meena Bhootda²

¹ Research Scholar, Department of Economics, Mansarovar Global University, Bilkisganj, Sehore, Madhya Pradesh, India.

² Associate Professor, Department of Economics, Mansarovar Global University, Bilkisganj, Sehore, Madhya Pradesh, India.

ABSTRACT :

This study presents a comparative analysis of behavioural change, performance factors, and challenges faced by urban and rural entrepreneurs in Raisen District, Madhya Pradesh. Drawing data from a sample of 300 respondents (150 urban and 150 rural entrepreneurs), the research explores critical entrepreneurial dimensions such as risk willingness, decision-making styles, and motivation. Quantitative analysis using t-tests and descriptive statistics reveals significant behavioural differences between the two groups. Urban entrepreneurs are more risk-inclined, proactive in decision-making, and driven by financial goals and personal passion. In contrast, rural entrepreneurs exhibit more traditional approaches, greater reliance on personal experience, and are primarily motivated by local needs and family expectations. Additionally, rural entrepreneurs face greater obstacles related to infrastructure, market access, and institutional support. These findings highlight the need for differentiated policy interventions, improved support systems, and targeted capacity-building initiatives to reduce the urban-rural entrepreneurial gap and promote inclusive economic development.

Keywords: Urban entrepreneurship, Rural entrepreneurship, Behavioral change, Risk-taking, Motivation, Decision-making, Entrepreneurial challenges, Performance factors, Raisen District, Inclusive development.

1. INTRODUCTION

Entrepreneurship serves as a cornerstone for economic progress and inclusive development. It not only creates employment opportunities but also drives innovation, regional development, and poverty alleviation (Hisrich et al., 2017). In India, where a significant portion of the population resides in rural areas, promoting both urban and rural entrepreneurship is essential for balanced economic growth (Sharma & Sehgal, 2018).

The behavioral patterns of entrepreneurs—such as their risk-taking ability, innovation capacity, and adaptability—are influenced by their socio-economic environment. Urban entrepreneurs often demonstrate dynamic decision-making and a growth-oriented mindset due to exposure to competitive markets and technological ecosystems. In contrast, rural entrepreneurs tend to exhibit resourcefulness, resilience, and community-based decision-making due to limited access to infrastructure and institutional support (Saxena, 2012; Singh & Sharma, 2019).

Several factors influence entrepreneurial performance, including access to finance, education, market exposure, technology, and policy support (Naudé, 2011; Davidsson, 2015). Urban entrepreneurs generally benefit from a robust ecosystem involving venture capitalists, accelerators, and policy incentives. On the other hand, rural entrepreneurs often depend on informal financial systems, government subsidies, and self-help groups (Kant & Jaiswal, 2020).

Despite their contribution to the economy, both urban and rural entrepreneurs face numerous challenges. Urban entrepreneurs struggle with overcrowded markets, high real estate costs, and regulatory burdens. Meanwhile, rural entrepreneurs face constraints like poor infrastructure, limited internet access, lack of skilled labor, and minimal market reach (Desai, 2018; World Bank, 2019).

In light of these disparities, it becomes essential to comparatively analyze the entrepreneurial ecosystems across rural and urban settings. This study aims to explore the behavioral shifts, assess performance-enhancing factors, identify major challenges, and propose policy and strategic recommendations to strengthen the entrepreneurial landscape across India.

2. LITERATURE REVIEW

Mitra (2021) emphasized the importance of context in shaping entrepreneurial cognition, suggesting that behavior is not static but evolves in response to market forces, policy changes, and societal expectations. Moreover, Pandey and Sharma (2021) argue that tailored support systems rather than one-size-fits-all policies are crucial for nurturing entrepreneurship in geographically and socioeconomically distinct areas. Behavioral flexibility, therefore, becomes a key asset for entrepreneurs in both urban and rural settings. Conversely, rural entrepreneurs rely more on government schemes, self-help groups, and informal credit mechanisms (Kant & Jaiswal, 2020). Bansal and Singh (2020) highlighted that government interventions such as the *Startup India* and *MUDRA* schemes have contributed positively to entrepreneurial performance, although their penetration in rural areas remains uneven.

Singh and Sharma (2019) conducted a survey-based analysis and concluded that while urban entrepreneurs are driven by opportunity and competition, rural entrepreneurs are more necessity-driven. The difference in entrepreneurial motivation further influences the scale, structure, and sustainability of their businesses. Rural entrepreneurs, on the other hand, encounter barriers such as lack of infrastructure, limited digital connectivity, low literacy rates, and inadequate access to institutional finance (World Bank, 2019). Urban entrepreneurs grapple with high competition, operational costs, and regulatory complexity (Sharma & Sehgal, 2018). Comparative studies reveal marked contrasts in the entrepreneurial environment across rural and urban India (Desai, 2018).

Entrepreneurial behavior refers to the cognitive, emotional, and decision-making attributes exhibited by individuals engaged in business ventures. Urban entrepreneurs are often seen as more innovative and risk-tolerant due to their access to information, exposure to global markets, and proximity to supportive institutions (Hisrich et al., 2017). Entrepreneurship has been extensively studied as a key driver of socio-economic transformation, especially in developing countries like India. Scholars have explored various dimensions such as entrepreneurial behavior, ecosystem differences, performance factors, and challenges across urban and rural contexts (Davidsson, 2015). In contrast, rural entrepreneurs tend to adapt their behavior to resource constraints, relying heavily on indigenous knowledge, social capital, and community-based collaboration (Saxena, 2012). A study by Saxena (2012) indicated that despite strong will and potential, rural entrepreneurship is hampered by poor support systems and inconsistent policy implementation, leading to higher failure rates compared to urban ventures.

Numerous studies have identified financial access, market knowledge, education, innovation, and technology as performance enhancers for entrepreneurs. Urban entrepreneurs often benefit from venture capital, incubators, mentorship, and business networks that contribute to higher growth rates (Naudé, 2011). Entrepreneurs across both geographies face structural and operational hurdles, albeit with different intensities (Sarasvathy, 2001). The literature underscores the importance of recognizing contextual factors in understanding entrepreneurial dynamics. While common factors like finance, training, and policy support are crucial, their application and impact vary significantly between rural and urban regions. This review justifies the need for a comparative approach to analyze behavioral change, performance drivers, and challenges, and to propose region-specific development strategies.

3. RESEARCH METHODOLOGY

3.1. Research Design

This study adopts a comparative descriptive research design to examine behavioral changes, performance factors, and challenges encountered by urban and rural entrepreneurs. The research compares both groups using quantitative data collected through structured questionnaires, aiming to identify significant differences and underlying patterns in entrepreneurial practices and experiences.

3.2. Study Area and Population

The study was conducted across selected urban and rural areas, ensuring representation of diverse business environments. The target population comprised small and medium-scale entrepreneurs operating in both urban and rural settings.

3.3. Sampling Technique and Sample Size

A stratified random sampling method was used to ensure equal representation from both urban and rural areas. The sample size consisted of:

- Urban entrepreneurs (n = 150)
- Rural entrepreneurs (n = 150)
- Total sample size (N = 300)

This equal allocation facilitated balanced statistical comparisons across both groups.

3.4. Objective of the study

To compare and analyse the behavioural patterns—specifically motivation, risk-taking ability, and decision-making approaches—of urban and rural entrepreneurs in Raisen District, Madhya Pradesh, and to identify significant differences that influence their entrepreneurial practices and challenges.

3.5. Hypothesis

H₀: There is no significant difference in the entrepreneurial behaviour of urban and rural entrepreneurs in Raisen District in terms of motivation, risk-taking, and decision-making.

H₁: There is a significant difference in the entrepreneurial behaviour of urban and rural entrepreneurs in Raisen District, particularly in terms of motivation, risk-taking, and decision-making.

3.6. Data Collection Tools

Data were collected using a pre-tested structured questionnaire, which included closed-ended and Likert-scale based questions covering the following sections:

- Behavioral Attributes: Risk-taking, decision-making styles, and motivational factors.
- Performance Factors: Market access, logistics, funding, workforce availability, and technology adoption.

- Challenges and Support Systems: Business obstacles and perception of external support mechanisms.

The instrument was validated through a pilot test (n = 30) to ensure reliability and clarity, and necessary modifications were made.

3.7. Data Collection Procedure

The questionnaires were administered in-person and via digital platforms. Respondents were briefed on the purpose of the study and confidentiality measures were assured. Consent was obtained before data collection.

3.8. Data Analysis

Quantitative data were coded and analyzed using SPSS and Excel. The following statistical techniques were employed:

Descriptive Statistics: Frequency, percentage, and mean scores.

Inferential Statistics: Independent t-test to compare means of urban and rural respondents for behavioral and performance variables. Chi-square test to examine associations between categorical variables such as support perception and access to resources. Statistical significance was assessed at the 0.05 level.

3.9. Ethical Considerations

- Informed Consent: Obtained from all participants.
- Confidentiality: Ensured through anonymized data handling.
- Voluntary Participation: Respondents had the right to withdraw at any stage.

4. RESULT

BEHAVIORAL CHANGE AMONG URBAN AND RURAL ENTREPRENEURS

Category	Response/Approach/Motivation	Urban (n=150)	% Urban	Rural (n=150)	% Rural	Total (N=300)	% Total
Risk Willingness	Strongly Disagree	10	6.7%	25	16.7%	35	11.7%
	Disagree	15	10.0%	35	23.3%	50	16.7%
	Neutral	30	20.0%	40	26.7%	70	23.3%
	Agree	95	63.3%	50	33.3%	145	48.3%
Decision-Making Approach	Rely on personal experience	40	26.67%	70	46.67%	110	36.67%
	Consult with mentors/experts	35	23.33%	20	13.33%	55	18.33%
	Use data and research	50	33.33%	25	16.67%	75	25.00%
	Follow intuition or gut feeling	25	16.67%	35	23.33%	60	20.00%
Motivation	Financial independence	60	40.00%	40	26.67%	100	33.33%
	Family tradition	15	10.00%	35	23.33%	50	16.67%
	Passion for your work	50	33.33%	30	20.00%	80	26.67%
	Need for local employment	25	16.67%	45	30.00%	70	23.33%

Table: Risk Willingness, Decision-Making Approach, and Motivation (Urban vs. Rural Respondents)

Output and Interpretation:

Variable	Urban Mean	Rural Mean	t-value	p-value	Interpretation
Risk Willingness	3.40	2.77	5.45	0.0002	Urban entrepreneurs are significantly more willing to take risks than rural ones.
Decision-Making Approach	2.73	2.23	4.78	0.0037	Urban entrepreneurs use more proactive decision-making approaches.

Motivation	3.03	2.50	5.17	0.0046	Urban entrepreneurs show significantly higher motivation than rural ones.
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Table- Output and Interpretation results for hypothesis

Based on the statistical analysis of entrepreneurial behavior between urban and rural entrepreneurs in Raisen District, there is clear evidence to support a significant difference across key behavioral indicators—namely, motivation, risk-taking, and decision-making. The results reveal that urban entrepreneurs demonstrate a notably higher willingness to take risks, with a mean score of 3.40 compared to 2.77 among rural entrepreneurs. This difference is statistically significant with a p-value of 0.0002, indicating that urban entrepreneurs are more inclined to embrace uncertainty and pursue ventures with potential for higher returns. Similarly, in terms of decision-making approaches, urban entrepreneurs show a more proactive and informed style, often relying on personal experience, data, and expert consultation. This is reflected in their higher mean score of 2.73 against the rural score of 2.23, with a p-value of 0.0037, further emphasizing a meaningful difference in strategic thinking. Motivation levels also vary significantly, with urban respondents scoring an average of 3.03 compared to 2.50 among rural respondents ($p = 0.0046$), suggesting that urban entrepreneurs are driven more strongly by goals such as financial independence and passion for work. In contrast, rural entrepreneurs are more influenced by family traditions and local employment needs. Since all three variables show p-values well below the standard significance level of 0.05, the null hypothesis—which posits no significant difference in entrepreneurial behavior between urban and rural respondents—can be confidently rejected. Thus, it is concluded that entrepreneurial behavior differs significantly between urban and rural areas in Raisen District, shaped by varying motivations, risk appetites, and decision-making strategies.

5. CONCLUSION

This comparative study highlights the distinct behavioral patterns, performance determinants, and challenges faced by urban and rural entrepreneurs in Raisen District, Madhya Pradesh. The findings demonstrate that urban entrepreneurs are significantly more inclined toward risk-taking, adopt more data-driven and consultative decision-making approaches, and are primarily motivated by financial independence and personal passion. In contrast, rural entrepreneurs tend to depend on traditional practices, exhibit conservative risk behavior, and are largely driven by local employment needs and family legacy.

Statistical evidence, including t-tests on behavioral variables, confirmed that these differences are significant at the 0.05 level, leading to the rejection of the null hypothesis. The study also reveals that rural entrepreneurs face comparatively more structural and resource-related challenges, including limited access to markets, technology, and financial support. These disparities underline the necessity of developing context-specific policies, infrastructure improvements, and entrepreneurship training programs tailored to the unique needs of both urban and rural populations.

In conclusion, the study emphasizes the urgent need for regionally nuanced interventions to bridge the urban-rural entrepreneurial divide. Strengthening institutional support, enhancing digital and physical infrastructure, and improving access to finance and training can empower entrepreneurs across geographies and contribute to more balanced and inclusive economic growth in India.

6. SCOPE OF THE STUDY

The scope of this study is confined to the Raisen District of Madhya Pradesh and specifically targets small and medium-scale entrepreneurs operating in both urban and rural settings. The study aims to provide a comprehensive comparative analysis of key behavioral traits such as motivation, risk-taking capacity, and decision-making approaches. By examining these factors, the research seeks to uncover significant differences and similarities in the entrepreneurial behavior of urban and rural individuals. Additionally, the study explores performance-influencing factors and the specific challenges faced by each group, including issues related to infrastructure, market access, and institutional support. With a balanced sample size of 300 entrepreneurs (150 urban and 150 rural), the study ensures reliable and statistically significant comparisons. The findings are intended to inform policymakers and stakeholders about the need for region-specific interventions and support mechanisms that address the unique needs of both urban and rural entrepreneurs. Moreover, the study contributes to the academic understanding of entrepreneurial behavior in diverse socio-economic environments and provides a foundation for future research in similar regional contexts.

7. SUGGESTIONS

Based on the findings of this study, several key suggestions can be made to support and strengthen entrepreneurial activity in both urban and rural areas of Raisen District. Firstly, there is a need for tailored training and mentorship programs that address the specific behavioral traits and motivational factors of entrepreneurs in different settings. Urban entrepreneurs may benefit from advanced business development programs, while rural entrepreneurs require basic skill-building workshops, particularly in areas like digital literacy, financial management, and market access. Secondly, policy interventions should be location-sensitive—urban entrepreneurs need support in navigating regulatory complexities and accessing funding channels, whereas rural entrepreneurs require improvements in infrastructure, transportation, and institutional connectivity. Furthermore, promoting collaborative networks between urban and rural entrepreneurs can encourage knowledge sharing and create inclusive growth opportunities. Government schemes like Start-up India and MUDRA should be made more accessible and visible in rural areas through active outreach efforts. Lastly, educational institutions, NGOs, and local governance bodies should work collaboratively to build entrepreneurial ecosystems that foster innovation, reduce risk perception, and encourage long-term business sustainability across both urban and rural communities.

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