

Institutional Constraints and Indigenous Entrepreneurship: An Analysis of Economic Productivity in Remote Communities of District Upper Dir Khyber Pakhtunkhwa, Pakistan

Tasleem

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Abstract: *The importance of agriculture for rural economic growth and poverty reduction, the advantages of attempts to directly promote agricultural growth and development. The most effective ways to do so have all been questioned in light of these factors, as well as the growing recognition of the diversity of livelihoods held by poor rural people. This study was a quantitative in nature on the topic of "institutional failure and declining indigenous economic productivity. The study was conducted in Union Council Daogdara, Tehsil Sheringal, district Upper Dir, Khyber Pakhtunkhwa, Pakistan. The sample size of 365 was selected and the data was collected by using questioner and analyzed through frequency and percentage distribution. It was observed that the lack of awareness, no provision of technical education, lack of women training center, theoretical education and lack of healthy competitions decline the local economic productivities. The government, concern stick holders should encourage native economic productivities and skills development. The government should implement strong policy for the better working condition in order to develop small-scale industries and agricultural productivities.*

Introduction

Many impoverished people rely heavily on agriculture for their livelihoods, and it is commonly asserted that agricultural growth is a necessary condition for the general reduction of poverty. However, paradoxically, as poverty decreases and the economy grows, the agricultural sector's relative importance declines (Dorward, Kydd, Morrison & Urey, 2004). The importance of agriculture for rural economic growth and poverty reduction, the advantages of attempts to directly promote agricultural growth and development. The most effective ways to do so have all been questioned in light of these factors, as well as the growing recognition of the diversity of livelihoods held by poor rural people and the challenges associated with "getting agriculture moving" in the areas where the majority of these people currently reside (Dorward, Kydd, Morrison & Urey, 2004).

It becomes evident that today's impoverished rural communities face a bigger barrier to agriculturally led poverty-reducing growth in a number of ways, given the combination of more risk and uncertainty, higher costs, and/or lower returns on agricultural investment. Since these places have not yet experienced an agricultural process, many of these challenges are endogenous, the product of the agro-ecological, geographic, demographic, and socioeconomic factors that currently exist in these locations (Dorward, Kydd, Morrison & Urey, 2004). India's rural poverty rate has

significantly decreased in recent years. Before the mid-1960s, the percentage of rural residents living below the poverty line varied between 50 and 65%; however, by the early 1990s, it had progressively decreased to approximately one-third of the rural population. This drop in rural poverty has been attributed, in part, to changes in food prices and agricultural growth (Saith, 1981).

However, considering the expansion of government employment and poverty alleviation initiatives as well as the rise of the rural non-farm economy, these characteristics may no longer be as significant (Fan, Hazell, & Thorat, 2000). Imagine a part of the world where local agricultural industries vanished and all food and agricultural products were purchased from overseas marketplaces. There is a "world without agriculture," and it is real. A future devoid of agriculture is being pushed as the most effective route to growth for many of the world's poorest nations, particularly in Africa (Harvard Magazine, 2004).

Interest in agriculture is growing again due to three things. A revolution in our understanding of fundamental genetic structures and pathways is the first new factor. The creation of agricultural biotechnology is one outcome of this knowledge, but even in the absence of genetically modified organisms (GMOs), the genetic revolution will significantly expand the boundaries of agricultural productivity (Naylor and Manning, 2005; FAO, 2004; Timmer, 2005).

Since these are most required in developing nations, a large portion of these productivity gains may occur there. Specifically, a significant chance exists to boost the yield of numerous overlooked and auxiliary crops that have been overlooked by mainstream agricultural research, which focuses on enhancing the productivity of the primary food staples, rice, wheat, and corn. Millions of impoverished households, particularly in Africa, rely mostly on these "orphan" crops—such as millets, sorghums, cassava, and other root crops—for their nutrition (Naylor, Falcon, et al., 2010). Second, a supermarket revolution is changing food retail markets and the supply chains that serve them at a faster rate than anybody could have predicted at the turn of the millennium, especially in poorer developing nations (Reardon et al., 2007).

Farmers in these nations have significant new chances to shift from low-value crops into other commodities with higher demand potential, allowing them to share in the value added that supermarkets generate. Small farmers find it extremely difficult to participate in the market due to the strict quality, safety, hygiene, and labor standards demanded by supermarkets. There is also worry that rural poverty may worsen as a result of supermarket expansion, but there is also genuine hope when farmers are better connected to shifting consumer demand (Timmer, 2005).

Methodology

The nature of the study was quantitative research design where the positivist approach was used to investigate the issue. The study was conducted in district Upper Dir Tehsil Sheringal union council Daogdara. Moreover, four villages were selected from union council Daogdara such as Mina Daog, Doag Bala, Malook khuwar and Katair. The study area was consisted of 6130 household as per the pilot survey of the researcher. The researcher was selected 365 sample size according to the analogy of Sekaran (2003) sample determination. The sample size was further allocated to each village according to the proportional allocation formula as used by (Ullah, Ahmad, & Haq, 2021).

Table 1. Sample size distribution to sub section

Village names	Population	Sample size
Mina Daog	2500	149
Doag Bala	1485	88
Katair	1200	71
Malook khuwar	945	57
Total	6130	365

The data was collected by using questioner the respondents were contacted before the survey in their respective household and work site. Proper consent was taken while carrying out study as used by (Ullah, & Khan, 2021).

Table 2. Conceptual framework

Independent Variable	Dependent Variable
institutional Failure	Declining Indigenous Economic Productivity

The data was analyzed through SPSS 21. At univariate level, each responses were calculated to show the frequency and percentage distribution of the responses as devised by (Choudry and Kamal, 1996), and used by (Ullah, Khan, Israr, Ahmad & Khan, 2021), such as the percentage of each elements = $F/N * 100$.

While in bi-variate level, Chi-square (χ^2) and Odds Ratio (OR) analysis was used to show strength and direction of an association between institutional failure and declining indigenous economic productivities. The following equation was used for the analysis of Chi-square test and Odds Ratio analysis.

$$\text{Chi-Square Test} = \chi^2 = \sum_{i=1}^r \sum_{j=1}^c \frac{(O_{ij} - e_{ij})^2}{e_{ij}}$$

$$\text{Odds Ratio} = \frac{PG_1 / (1 - PG_1)}{PG_2 / (1 - PG_2)}$$

Results

Univariate level

At univariate level, Table 3 show that (78.0 %) of the respondents agreed that the lack of awareness decline the local economic productivities, while 21.9 % disagreed with the statement. Similarly, (80.8 %) of the respondents were agreed that no provision of technical education decline the local economic productivities while 19.1 % of the respondents were disagreed.

Table 3. Policy Failure

Institutional Failure	Yes	No	Total
Lack of awareness decline the local economic productivities.	285 (78.0)	80 (21.9)	365 (100)
No provision of technical education decline the local economic productivities.	295 (80.8)	70 (19.1)	365 (100)
Lack of vocational/skill trainings decline the local economic productivities.	296 (81.0)	69 (18.9)	365 (100)
Lack of women training center decline the local economic productivities.	280 (76.7)	85 (23.2)	365 (100)
Declining small-scale industries decline local economic productivities.	283 (77.5)	82 (22.4)	365 (100)
Deteriorating agricultural productivities decline local economic productivities.	285 (78.0)	80 (21.9)	365 (100)
Lack of healthy competitions decline the local economic productivities.	287 (78.6)	78 (21.3)	365 (100)

Likewise, (81.8 %) of the respondents were agreed that the lack of vocational/skill trainings decline the local economic productivities, while 18.9 % were disagreed. Moreover, (76.7 %) of the respondents were agreed that the lack of women training center decline the local economic productivities while 23.2 % of the respondents were disagreed.

Further, (77.5 %) of the respondents were agreed that the theoretical education have no effects to boost up small-scale industries, while 22.4 % respondents were disagreed. Furthermore, (78.0 %) of the respondents were agreed that the theoretical education have no effects to boost up agricultural productivities, while 21.9 % of the respondents were disagreed.

Similarly, (78.6 %) of the respondents were agreed that lack of healthy competitions decline the local economic productivities, while 21.3 % of the respondents were disagreed.

Bivariate level

At bivariate level, table 4 indicated the association between institutional failure and declining indigenous economic productivity. The results show that, there is a strong association ($P = 0.000$) between the lack of awareness and declining local economic productivities. The odds ratio ($OR = 2.112$) indicated that those people who have no awareness are 2.112 time at the risk of declining economic productivities than those who have the information.

Similarly, no provision of technical education are strongly associated (P = 0.000) with declining local economic productivities. While, the odds ratio (OR = 3.324) show that those people who have no provision of technical education are 3.324 time at the risk of declining economic productivities than those who have the provision of technical education.

Further, the lack of trainings are strongly associated (P = 0.000) with declining the local economic productivities. While the odds ratio (OR = 3.564) explore that those people who have the lack of trainings are 3.564 time more at the risk of declining economic productivities than those who have trainings.

Similarly, the lack of women training center are significantly associated (P = 0.000) with declining the local economic productivities. While the odds ratio (OR = 2.986) show that the people who have the lack of women training center are 2.986 time more at the risk of declining economic productivities than those who have lack of women training center.

Furthermore, there are strong association (P = 0.000) between declining small-scale industries and demolishing indigenous economic productivities. While the odds ratio (OR = 4.453) indicated that declining small-scale industries creates 4.453 time more risk for people to declining local economic productivities than those who have small-scale industries.

Furthermore, there is strong association (P = 0.000) between deteriorating agricultural productivities and declining economic productivities. While, the odds ratio (OR = 2.564) indicated that deteriorating agricultural productivities created 2.564 time risk of declining economic productivities than those who have agricultural production.

While, the lack of healthy competitions are significantly associated (P = 0.000) with decline the local economic productivities. The odds ratio indicated that lack of healthy competitions among the business community created 3.453-time risk of declining local economic productivities than those who have healthy competition.

Table. 4. Association between Institutional Failure and Declining Indigenous Economic Productivity

Independent variable Institutional Failure	Dependent variable Declining Indigenous Economic Productivity	Statistics of Chi-square, P-Value and Odds Ratio
Lack of awareness decline the local economic productivities.	<i>Declining Economic Productivity</i>	$\chi^2 = 22.645$ P = 0.000 OR = 2.112
No provision of technical education decline the local economic productivities.	<i>Declining Economic Productivity</i>	$\chi^2 = 20.616$ P = 0.000 OR = 3.324
Lack of vocational/skill trainings decline the local economic productivities.	<i>Declining Economic Productivity</i>	$\chi^2 = 23.305$ P = 0.000 OR = 3.564
Lack of women training center decline the local economic productivities.	<i>Declining Economic Productivity</i>	$\chi^2 = 19.615$ P = 0.000 OR = 2.986
Theoretical education have no effects to boost up small-scale industries.	<i>Declining Economic Productivity</i>	$\chi^2 = 21.764$ P = 0.000 OR = 4.453
Theoretical education have no effects to boost up agricultural productivities.	<i>Declining Economic Productivity</i>	$\chi^2 = 25.896$ P = 0.000 OR = 2.564
Lack of healthy competitions decline the local economic productivities.	<i>Declining Economic Productivity</i>	$\chi^2 = 26.865$ P = 0.000 OR = 3.453

Discussion

The study shows that institutional failure declining the local economic productivity as shown in the (Table-3 descriptive statistics), (Table-4 bi-variate analysis). The results show that there is lack of awareness for the indigenous people to boost up their economic productivities. Rahman, Ara, &

Khan (2020) arguing that, awareness campaign on Television, newspaper, seminars is the important component of Bangladesh indigenous productivities.

The lack of awareness among indigenous communities regarding methods to enhance their economic productivity presents a multifaceted challenge with profound implications. Indigenous peoples often possess rich cultural and traditional knowledge that could be leveraged to drive economic growth and sustainability. However, historical marginalization, limited access to education and resources, and cultural preservation concerns have contributed to this knowledge gap.

One of the primary consequences of this lack of awareness is the perpetuation of economic disparities and poverty within indigenous communities. Without access to information about modern business practices, market opportunities, and available support programs, indigenous entrepreneurs may struggle to compete in mainstream economies. Additionally, the failure to recognize and capitalize on traditional knowledge systems can result in missed opportunities for sustainable economic development, particularly in industries such as agriculture, forestry, and eco-tourism.

Addressing this issue requires a comprehensive approach that prioritizes cultural sensitivity, community empowerment, and collaboration between indigenous leaders, governments, NGOs, and other stakeholders. Educational initiatives tailored to the specific needs and contexts of indigenous communities can play a crucial role in raising awareness about economic opportunities and providing relevant skills training. Moreover, efforts to strengthen indigenous governance structures, secure land rights, and promote economic self-determination are essential for fostering long-term sustainability and resilience.

Importantly, any interventions aimed at boosting economic productivity within indigenous communities must be undertaken with utmost respect for their cultural heritage, autonomy, and rights. This includes ensuring meaningful participation and consultation throughout the decision-making process and respecting indigenous land and resource management practices. By addressing the root causes of the lack of awareness and empowering indigenous peoples to control their economic futures, society can move towards a more equitable and inclusive economic landscape.

The study further shows that there is no provision of technical education for both men and women for their economic productivities. Technical education is strongly associated with professional development and earning. As Gollin (2010) show that, the development of human capitals can enhance the economic productivities of rural area of South Asia.

The study further indicated that the absence of practical education is a key obstacle in economic productivities. Mostly, in Pakistan people rely only on theoretical education, where it cannot contribute to economic development. The study of Acemoglu (2002), show that the current dominant education system creates inequality in labour market. Practical education plays a vital role in fostering economic productivity, particularly within indigenous communities. When educational curricula lack relevance to the local context or fail to provide hands-on skills training, it can impede economic growth and development. Indigenous communities often face unique challenges that require tailored approaches to education and skill-building. By integrating practical, community-specific learning experiences into educational programs, indigenous individuals can acquire the skills and knowledge needed to thrive in their local economies. Additionally, initiatives that promote entrepreneurship, vocational training, and traditional knowledge preservation can further empower indigenous communities to harness their economic potential.

The study further shows that the lack of healthy competitions declines the local economic productivities. The competitive environments introduce new and modern techniques for the economic development that can boost the earning of people. As Leng, & Tong, (2022) show that the uncompetitive environment is strongly associated with economic backwardness.

Lack of healthy competition can decline local economic productivity in several ways. Without competition pushing businesses to innovate, there's less motivation to improve products or services. This can result in stagnation and a lack of technological advancement, which are crucial drivers of economic growth. Competition often encourages businesses to operate more efficiently to stay

ahead. Without competitive pressure, businesses may become inefficient, leading to higher costs and lower productivity.

Similarly, Posner, (2017) mentioned that .in a monopolistic or oligopolistic market where competition is lacking; businesses have more control over pricing. This can result in higher prices for consumers, reducing their purchasing power and overall economic activity. When businesses don't face pressure from competitors, there's less incentive to maintain high-quality products or services. This can lead to a decline in customer satisfaction and loyalty, further impacting economic productivity. Lack of competition can lead to a lack of variety in products or services available to consumers. When consumers have fewer options, they may settle for products or services that don't fully meet their needs, hindering overall economic activity.

In a stagnant market with limited competition, businesses may not expand or invest in new ventures, leading to fewer job opportunities for local residents. This can contribute to higher unemployment rates and lower overall economic output. Overall, healthy competition encourages businesses to strive for excellence, driving innovation, efficiency, and consumer satisfaction—all of which are essential for maintaining robust local economic productivity.

Conclusion

In conclusion, the challenges posed by the lack of awareness, insufficient provision of technical education, and dearth of vocational and skill training opportunities, especially for women, are significant barriers to the growth and sustainability of small-scale industries. The emphasis on theoretical education without practical application further exacerbates this issue, as it fails to equip individuals with the hands-on skills needed to thrive in the workforce.

Moreover, the absence of healthy competition within local economies stifles innovation, efficiency, and consumer choice, ultimately hampering economic productivity. Addressing these interconnected issues requires a multi-faceted approach involving government initiatives, educational reform, private sector collaboration, and community engagement.

Investments in awareness campaigns to highlight the importance of vocational training, coupled with the establishment of technical education programs and women's training centers, can empower individuals with the skills and knowledge necessary to succeed in various industries. Additionally, fostering a competitive environment through fair market practices and incentives can spur entrepreneurship, drive innovation, and ultimately fuel economic growth at the local level.

By addressing these systemic challenges and promoting a culture of lifelong learning and skill development, communities can unlock the full potential of their workforce, strengthen small-scale industries, and foster sustainable economic prosperity for all.

The government should implement strong policy in order to develop small-scale industries, agricultural productivities and focus on other home based productivities.

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