

The Role of Small Businesses on Employment and Economic Potential of Rural Households

Aliakbar Nazemi,

MSc graduated of rural development of Civil Engineering College of Hamedan, Iran
Corresponding Author

Heshmatolah Saadi, Karim Naderi Mahdie

Associate Professor of Boali University, Hamedan, Iran

ABSTRACT Start-up and expansion of small and rural domestic industry due to its role can play in economic and social development of rural households, that able to absorb surplus agricultural Population sector, leading to more jobs in the countryside. The purpose of this study is to investigate the effects of rural small business employment and economic potential of rural households. This research utilizes articles, books, reports, interviews, questionnaires and survey research method was descriptive and functional. The study's population included 80 heads of small industries and domestic (Series Embroidered Clothing) is located in Bahar city in 2015. The reliability of this research was calculated by Cronbach's alpha coefficient. In describing the data statistics such as mean, median, mode,... and the analysis of data such as Kolmogorov-Smirnov test, t Friedman is one sample. The results showed domestic small industries due to the potential in the region play an important role in the development of employment and economy of rural households.

Keywords: small rural industries, employment, economic strength

Introduction

The rural industries sector also aims to cater towns and cities or even export market and also earn foreign exchange for the economy. The rural industries sector consists of two broad sub-sectors such as modern small industries and traditional industries. When we talk about the rural industries the very first question which comes in our mind is that distinction between the two. The urban industries are characterized by high level of automation and use of heavy machinery with advance technology, huge capital investment and ample amount of financing through various leading big financial institution (both public and private financial institutions). On the other hand rural industries are basically based on agro-based industries which mostly lack technical specialization and proper funding unlike urban industries. The major categories of rural industries are: - Mineral Based Industries, Forest Based Industries, Agro-Based Industries, Polymer Base Industries, and Textile Industry. If the governments in developing countries consent moves in the favor of development of rural industries then the unemployment rate in rural areas have been reduced and lead to access to rural development. The structure of agricultural production and crop problems in Iran cannot have sufficient income for rural households due to fragmentation of farms, lack of proper use of water resources and soil and quality seeds, lack of production in per unit area, mechanized and mechanized cultivation restrictions, improper use of chemical fertilizers, lack of investment in this sector, Lack of agricultural education, high risk given the dependence of agriculture on weather conditions and plant pests, ignoring the insurance of agricultural products, set low and unprofessional price of product and market fluctuations on product and so on (razaghi,1995). The young jobseekers in rural areas can't entry into the business space due to some obstacles like; expect quick access to benefit, fear of the future, lack of coverage of costs and sufficient investment to operate the business in this regard the home businesses and rural industries that require to low investment can be a solution for these obstacles. Lack of income is an important factor that doesn't allow improving rural development plans if considered any solution for it. Lack of rural house hold income due to the multiple issues like:

- Population growth
- Unemployment (complete or incomplete)
- Low efficiency of manpower and resources
- Lack of attractiveness for investment and capital
- Lack of business space (Taheri, 2012).

In the research the evaluation focused on rural industrialization and development of non-agricultural activities in order to improve the performance of development and compensate for past failures for implement appropriate programs, elimination of deficiencies and shortcomings. In this study we attempt to show the role of domestic small industries and rural households with an emphasis on economic and employment in Bahar city, Dastjerd village. Scientists and development experts argue that most of the problems of developing countries and the Third World dependent employment and unemployment problems in underdeveloped villages (Azkiya, 2005). Lack of development factors are unemployment, ignorance and illiteracy, lack of sufficient capital, lack of skilled manpower, lack of efficient use of natural resources, lack of resources, economic duality, discrimination and social inequality, Brain Drain and so on. In Iran, some issues such as unemployment, rural-urban migration, marginalization and poverty are lack of development factors as same as other developing countries that the root of these factor are rural underdevelopment and unemployment in rural areas (Azkiya, 2005). Michael Todaro had been developed a comprehensive strategy for employment, and said that the ultimate solution to the problem of urban unemployment is improve the rural environment (Ghadiri masum, 2005). The rural household employment is not restricted only to farmers and livestock and natural resources and the gap in rural areas be compensated with special attention to rural industries and businesses. In fact, this issue is a transition from natural resources and agriculture-based businesses to rural entrepreneurs and industry (fathi, 2013). In the last decades, many countries, especially Asian countries, including Iran have been considered its industrial development strategy based on the development and expansion of small businesses as an engine of economic and industrial. Now create new job opportunities is much more important in rural areas of the country (Molashahi, 2013).

Background research:

Many experts and researchers have written variety of small industries, employment and economic potential of rural households (khazaei, 1998). For the development of rural small industries to create jobs in rural areas is essential to reducing emigration and increase income of rural households that the three main obstacle is the lack of capital, technological backwardness and limited market through increasing the share of bank loans, creation of technical research and development organizations and unions be resolved through cooperative workshop (khazaei, 1998). The main objectives of the strategy for industrialization of rural areas can be described this way:

- Create non-farm employment for the rural unemployed and underemployed.
- Cooperation in order to prevent the flow of migration to the cities.
- Strengthening the economic base of rural centers.
- More use of the skills available in rural areas.
- Processed locally agricultural products.
- The procurement of basic inputs and consumer goods to farmers and other local people (Aghaei, 2009).

Rural industrialization processes is step by step and focus on the structural conditions and strategic planning that in each country in accordance with its own space. With such an integrated strategy that rural industrialization projects an alternative strategy to reduce poverty and migration in the context of sustainable development is rural and national development (sedoghirad, 2012). In a paper article entitled "The role of small workshop on the development of rural industries (Shahreza)" non-agricultural economy is considered essential to stabilize and improve living conditions in rural areas (Taghdisi, 2007). Thus we can say that one result of the development of small businesses in rural communities is diversity of household income and following a dynamic economy with creates new jobs for young people. According to some economic capacity such as a home office, small business can reduce the effects of unemployment, migration and agricultural surplus power to be effective. Due to lack of research in this regard and unknown economic impact - social aforementioned industries in this study, aims to investigate the views, opinions and establishment of small industries, and identification of small businesses in the Dastjerd village of Bahar city (Series Embroidered Apparel), the purpose of this study is investigate the rural industrialization role in job creation and economic potential of rural households. In Dastjerd village there are 3117 people, 130 small sewing workshop and around 400 employees (Statistics and Social Welfare office of Hamedan, 2011).

Hypotheses:

In general hypotheses of this research include the following:

- The establishment of small businesses makes to increase employment and reduce unemployment in rural household.
- The establishment of small businesses and domestic make to increasing economic potential of rural households.

Methodology:

The population of this study included all small businesses and home (Series Embroidered Clothing) is located in the Dastjerd village of Bahar city in 2015. In this village 130 small sewing workshop have been worked with 400 people employee. In this study, data collection methods such as observation, interviews with employees of small and home industries, village administrators and also to raise the validity of the research, the study of documents and a library with books, periodicals, articles, foreign and domestic, and the questionnaires were used. To process data and run statistical tests were used SPSS software version 19. In this study have been used various methods. In describing the data statistics such as mean, median, mode and data analysis such as Kolmogorov-Smirnov test, t Friedman is one sample.

Conclusion

The first hypothesis of research:

The establishment of small businesses makes to increase employment and reduce unemployment in rural household.

- H₀: The establishment of small businesses makes to increase employment and reduce unemployment in rural household.
- H₁: The establishment of small businesses doesn't make to increase employment and reduce unemployment in rural household.

$$H_0 : \sim \leq 3$$

$$H_1 : \sim > 3$$

To confirm the first hypothesis is used of one-sample t test

Table 1 show that the mean items related to the first hypothesis and standard deviation in order is 4/31 and 0/356 which its standard deviation is higher than the average.

Table1. Descriptive statistics and confirmed its first hypothesis research

Result	The difference between	The level of significance	The mean standard error	Standard deviation	Mean	DOF	Statistics t	Value Test
Confirmed	1.319	0.000	0.031	0.356	4.31	128	42.68	3
<i>H₁</i>								

As things stand, achieved a significant level of 0/05 is much smaller than the t statistic that shows there was significant difference between the value test and average population. On the other hand, according to the mean of samples in table 1 is somewhat higher than the value (Mean difference = 1/319). Therefore, the establishment of industries makes to increase employment and reduce unemployment in rural areas. After the first research hypothesis is confirmed.

The second research hypothesis:

The establishment of small businesses and domestic make to increasing economic potential of rural households.

- The establishment of small businesses and domestic don't make to increasing economic potential of rural households.
- The establishment of small businesses and domestic make to increasing economic potential of rural households.

$$H_0 : \sim \leq 3$$

$$H_1 : \sim > 3$$

To test the second hypothesis is used of one-sample t test. This test is evaluated to assess the effectiveness or ineffectiveness of a state variable (Momeni, 2008). The table 1 shows that the mean items related to the second hypothesis and standard deviation in order is 0/5 and 3/83 which its standard deviation is higher than the average.

Table2. Descriptive statistics and confirmed its second hypothesis research

Result	The difference between	The level of significance	The mean standard error	Standard deviation	Mean	DOF	Statistics t	Value Test
Confirmed	0/835	000/0	0/044	5/0	3/83	126	18/794	3
<i>H₁</i>								

The results indicate that the significant level achieved of t statistic is much smaller than 0/05 that shows there is a significant difference between the value test and average population. On the other hand, according to the mean of samples in table 2 is somewhat higher than the value (Mean difference =0/835). Therefore, the establishment of small businesses and domestic make to increasing economic potential of rural households. After the first research hypothesis is confirmed.

The results of the analysis of the collected data shows:

Based on the results there is a significant relationship between the establishment of small businesses and industries and employment. This industry can make to increase rural employment and reduce seasonal and permanent unemployment. There is a significant relationship between the establishment of small businesses and industries and economic potential of rural households. In other words, sewing workshops as an example of a small business and household industry in the village was able to increase the economic potential of rural households. Despite of these industries in rural areas make to increase the economic prosperity, income, household living conditions. The study concludes that moving towards small and home industries, not only is efficient and profitable, but also it is necessary for achieving development in the current situation in Iran.

References

1. Asayesh, H. (2001) rural planning workshop", Tehran, PNU
2. Azkia, M. (2004) "sociology of development and development of villages in Iran," Tehran, etelaat
3. Amin Aghaee, M. (2009) "Evaluation of the factors affecting the performance of small-scale industry from the perspective of rural development experts", chapter and develop a village, Year 11, Number 4
4. Taghdesi, Ahmad Mahdavi, Masoud Rahmani, Bijan and Monshizadeh, R. (2007) "The Role of Small Industries in Rural Development Workshop (city shahreza)" jihad, No. 277 of June and July 86, Ss203- 186
5. Razzaghi, E. (1996) "Introduction to the Iranian economy.nashr ney
6. Zanganeh (2002), "industry and rural development and the necessity", the seminar deployment in rural industry, Isfahan University
7. Khazayi, A. (1996) "cottage industries, changes and developments", Journal of Rural Development .No (3) .p :22
8. Sadoughi Rad (2012) "The role of small businesses in rural economic development Vtbdy: city of Malayer" sadoughi91.blogfa 13/9/91
9. Fathi, H. (2012) "Rural Business and Industry" Aftab
10. Furtado, Celso (1978) "Development and Underdevelopment" Translation Wiki Trust, National University of Iran, Tehran
11. Ardhaei Ghasemi, A. (2006) "by analyzing the causes of rural migration to cities in Iran Thesis and Dissertations", Journal of Rural Development, ninth year, No1, pp. 51- 81. "
12. Qadiri Maasom, M., Mahdavi, Massoud and Ismail nia, H. (2004) "Development of employment in rural areas Case Study Branch city" Geographical Research, No 48, Summer 1383, Ss158- 139
13. Lahejani (2002) "The establishment of industries in rural areas," Tehran, Meraj
14. Mollashahi, G. (2012) "The importance and role of small business in creating sustainable jobs" Business and Society Magazine, No 152
15. Noori, Sayed Hedayatallah, Hassan Beik Mohammadi, Ahmad Taghdisi and Parvin Shafii (2010) "prioritize small-scale industry and workshop in rural areas Ardest n city Delphi method" Journal of Rural Development 13 No(2)
16. Alavizadeh, Seyed Mohammad and Mehdi Kermani (2009) "The Role of Rural Industries in the Iranian desert rural development with emphasis on the mining industry"
17. Taheri, Siamak (2011) "Guidelines for rural economic development," green land, Journal program
18. -Bhalla, A.S. (1982) "RURAL INDUSTRIALIZATION and new economic policies in Hunan- china. World employment programe research