

Research Paper

Comparative analysis of agricultural entrepreneurship in rural and urban areas of Kermanshah province

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Citation: Rasekhi, B., Ghanbari Movahed, R., & Alibayghi, A. (2018). [Comparative analysis of agricultural entrepreneurship in rural and urban areas of Kermanshah province (Persian)]. *Journal of Rural Research*, 9(3), 346-359. <http://dx.doi.org/10.22059/jrr.2017.228470.1071>

doi: <http://dx.doi.org/10.22059/jrr.2017.228470.1071>

Received: 24 Feb. 2017

Accepted: 20 Sep. 2017

ABSTRACT

Encouragement of entrepreneurial activities is an important strategy for sustainable economic development. To develop programs that can provide effective support for entrepreneurship, it is important to understand what elements affect the success of entrepreneurs. Many entrepreneurial development programs are designed regardless of urban or rural contexts. This is while the spaces and conditions in rural areas are different from those in urban areas. The aim of this study is to investigate different factors that affect the success of rural and urban entrepreneurs. The study population consisted of two groups of rural and urban entrepreneurs in the agriculture sector. According to the Krejcie and Morgan table, the sample size was determined to be 315. A questionnaire was used to collect the data. The results showed that there is a significant difference between urban and rural entrepreneurs in terms of individual resources, economic resources, political support, socio-cultural support, and resources for success. The entrepreneurs in urban areas benefit from these advantages more than those in rural areas. The results of the regression analysis showed that the variables of economic resources among urban entrepreneurs and socio-cultural support among rural entrepreneurs are the most important factors that affect the success of entrepreneurs.

Key words:

Entrepreneurship, Rural entrepreneurs, Urban entrepreneurs, Success

Extended Abstract

1. Introduction

Many entrepreneurial development programs are designed regardless of urban or rural contexts. In addition, much of the research in this field suggests that the rate of entrepreneurship in rural areas is consistently lower than that in urban areas (Marshall &

Samal, 2006; Sternberg, 2009). However, it is not clear why such a difference exists between rural and urban areas. The aim of this study is to understand the factors affecting the difference between the success of entrepreneurs in rural and urban areas. Hereby, effective strategies are provided in order to promote entrepreneurship in rural and urban areas according to the characteristics of each region.

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2. Methodology

The study population consisted of two groups of rural and urban entrepreneurs in the agriculture sector. According to the Krejcie and Morgan table, the sample size was determined to be 315. A questionnaire was used to collect the data. The questionnaire had six parts including the personal and professional characteristics of entrepreneurs, the success of entrepreneurs (24 items), individual resources (18 items), economic resources (5 items) socio-cultural support (12 items), and political support (7 items). To measure the content validity, the questionnaire was delivered to six experts in the fields of entrepreneurship, urban development, rural development, management, and urban and rural sociology. After revisions, the validity of the questionnaire was confirmed. The reliability was calculated through Cronbach's alpha test. The alpha coefficients calculated for different variables of the questionnaire were found to be between 0/79 and 0/91, indicating that it was appropriate for collecting the data. A descriptive analysis was also done of the means and the standard deviations. In an inferential analysis conducted according to the goal of the research and by considering the scale of the variables, T- test, Mann Whitney test, and chi-square test were used to study the factors affecting the success of urban and rural entrepreneurs. In this regard, multiple regressions were also used.

3. Results

The results of the Man-Whitney test showed that there is a significant difference between urban and rural entrepreneurs in terms of self-efficacy, education and entrepreneurial skills. Also, the results of the t-test showed that urban and rural entrepreneurs are significantly different in terms of income, savings and bank loans. The results of the Chi-square test suggested that there is a significant difference between urban and rural entrepreneurs in terms of ease of market entry, access to foreign markets, access to loans, and ease of communication and interaction procedures. Finally, the results of the Man-Whitney test in relation to social-cultural support showed that urban and rural entrepreneurs are significantly different in terms of access to supportive organizations, access to training, access to information, access to infrastructure, community support of risk-taking and creativity, respect for entrepreneurs in government offices, and access to the Internet and social networks.

4. Discussion

The results of the regression analysis regarding the factors affecting the success of entrepreneurs showed that,

from the viewpoint of urban entrepreneurs, economic sources and, from the viewpoint of rural entrepreneurs, socio-cultural support are the most important factors. These results are consistent with the findings of the studies of Mutezo (2005), Tullock (2010), Chowdhury et al. (2013), and Asitik (2015). Undoubtedly, every entrepreneur needs enough funds to start a business or expand his activity. If he cannot get it from the existing ways such as allocating funds or lending, he will be in trouble and sometimes, because of the lack of the necessary fund, leaves his work. The existence of an entrepreneurial environment in rural areas is one of the most important prerequisites for entrepreneurship development in those areas. That is to say, culture is an important basic factor that needs to be taken into account to develop villages and entrepreneurship.

5. Conclusion

The results of the study showed that there are significant differences between urban and rural entrepreneurs in terms of personal resources, economic resources, political support, and socio-cultural support. It also emerged that resources for the success of entrepreneurs are more abundant in urban areas than in rural areas. This difference may be attributed to the existence of more opportunities for education, employment and skills in urban areas. Urban residents can easily use a variety of educational opportunities and participate in many skills and entrepreneurship courses. Also, urban entrepreneurs have a better situation with regard to ease of market entry, access to foreign markets, access to loans, and ease of communication and interaction procedures.

Acknowledgment

This article is based on a research project entitled "Comparative Analysis of Rural and Urban Entrepreneurs in Kermanshah City". The research was funded by Islamic Azad University of Kermanshah on the basis of Contract No. 9215/1 of 9/8/95.

Conflict of Interest

The authors declared no conflicts of interest.