

## Research Paper

## Expansion of agro-processing industries in the county of Fereidan: challenges and perspectives

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**ABSTRACT**

Undoubtedly, setting up agro-processing industries is one of the most profitable ways of creating communication between industry and agriculture. These industries reduce seasonal unemployment in rural areas and serve as a strategy for entrepreneurship and employment in the agriculture sector. Despite their potential for expansion, such industries do not have a good status in the county of *Frieden*. The aim of this study is to investigate the barriers to the development of agro-processing industries in the county of *Frieden*. The research is of applied type in terms of objectives, non-experimental in terms of the control of variables, and descriptive in terms of data analysis. The study population consisted of 150 experts, industrialists and workers in the agro-processing industries of *Frieden* County. The data were analyzed through the confirmatory factor analysis (CFA) and the LISREL software. The results showed that economic, structural, environmental, infrastructure, and geographical features are the potential factors to pose the main obstacles to the processing industries in this county.

**Key words:**

Processing industry, Barriers, *Frieden* County

**Extended Abstract****1. Introduction**

A large part of farm products, including crops and livestock, are produced with hardships and at high costs. Many products are wasted for various reasons such as low safety, lack of markets, distance from production centers, scatteredness of villages, lack of

proper consumption patterns, and lack of attention to the experiences and knowledge of local villagers and planners. The amount of waste in our country is very high, and it varies from 13 to 35 percent for different products. If a large part of this waste is reduced, food security can be provided for the country, and a self-sufficiency of least 33-43% can be reached in agricultural products. Also, agricultural products can be converted to a huge economic capital for the country. Agriculture, as the most important economic sector, is faced with major problems such

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as lack of proper marketing, high-level wastes, and low prices. A large part of these problems can be solved by creating agricultural product processing industries. Undoubtedly, setting up this type of industries is very profitable in that they can serve as an interface between industry and agriculture. Such industries can reduce seasonal unemployment in rural areas and be used as a strategy for entrepreneurship and employment in the agriculture sector. Of course, the existence of certain factors is essential for the development of conversion and complementary industries. In the meantime, the most important factor seems to be the potential of the region to provide raw materials for such industries. Despite the existence of potentials for expansion in this regard, the county of *Frieden* has no good status.

## 2. Methodology

This study is a piece of quantitative research with functional goals and controlled variables. The method of the study is cross-sectional and descriptive. The statistical population consisted of 150 agricultural experts in *Frieden* County, Isfahan, and executives and employees in the related industries in Isfahan province. The required data were collected by two methods including field study and library study. The data were analyzed by using the SPSS software, version 22. The reliability of the questionnaire evaluated by Cronbach's alpha was found to be 0.86. The validity of the questionnaire was assessed by the board of directors in cooperative companies and the professors at the department of agriculture management and development at Tehran University. For data analysis, an exploratory and confirmatory factor analysis was performed by using the SPSS and LISREL software programs.

## 3. Results

According to the demographic data, the mean age of the respondents was 38.48 years with the standard deviation of 59.5 and in the range of 18 to 58 years. Also, 33.33% of the respondents with the highest frequency of 56 people had master's degrees. Their average work experience was 6.67 years with the standard deviation of 3.89, and it ranged from 1 to 30 years. According to the scope of work experience, the studied population was classified into four categories (Table 2). Based on the results presented in Table 2, the highest frequency was related to the 5th year and less; 62 (41.33%) persons were in this category. The analytical hierarchy results showed that economic, production, structural, environmental, and infrastructure factors had the most impact on the underdevelopment of the city's industries, at .724, .762, .613, .593, and .442 R2 respectively.

## 4. Discussion

Through the second-order confirmatory factor analysis, the variables with which to measure convergent validity and combinational reliability were determined. Also, the results showed that economic, production, structural, environmental, and infrastructural factors had loads of .84, .70, .62, .61, and .57 respectively. It can be said that the above factors pose problems to conversion industries in the city. The study of fitness indicators showed that they were in an optimal condition. Accordingly, the model is in an optimal condition too. In addition, the markers and the factors used in the model proved to be of significant effects. That is, the markers were properly selected.

## 5. Conclusion

The hierarchy and confirmatory factor analysis performed in this study indicated that economic problems have the greatest adverse impact on the expansion of conversion industries in *Fereidan* County. This may be due to low investment in these industries as well as the lack of enthusiasm and attractiveness of this sector in the area. The reasons that can be mentioned for the lack of tendency for investment are the existence of other profitable industries in the provincial capital and the long distance of towns and cities from the capital. Also, the inappropriate location of these industries in the city has made investors and the private sector reluctant to invest in the county. The production problems were ranked second. The existence of quality inputs especially in conversion industries is very important, and, due to the nature of the agricultural sector, any change in the quality of inputs can appear as a production problem in conversion and complementary industries. Given the fact that these industries have investment problems, they are not able to supply quality equipment and technology for production and packaging. The structural problems are due to the lack of adequate government attention and the legal problems in creating and sustaining these industries. The lack of inputs from these industries as well as licensing and bureaucracy problems is among the structural barriers. The environmental problems point to the lack of suitable places for these industries as well as the lack of statistics and information about the region's products. It seems that in the field of industrial placement, experts have gained no experience, nor is there any detailed study. Finally, infrastructure problems are found due to the lack of infrastructures and the difficulty of transporting products from the farm to industrial sites or to the provincial capital. For this very reason, exporting the product is not without difficulties.

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### Conflict of Interest

The authors declared no conflicts of interest

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