

## Research Paper

# Spatial Zoning of the Relative Advantage of Rural Entrepreneurship and the Factors Affecting it: A Case Study of Pars Abad County

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## ABSTRACT

Nowadays, entrepreneurship and the creation of entrepreneurial activities are the best strategy for the survival and development of villages. The present research aims at zoning the rural areas of *Pars Abad* in terms of the relative advantages of entrepreneurship and the factors that affect it. The research is based on a descriptive-analytic method. Data gathering was done by document and field methods, i.e. questionnaire and observation. The statistical population of the study consisted of entrepreneurs and villagers. According to the sample, 22 rural entrepreneurs were selected by the random sampling method, and 377 villagers were selected randomly. To evaluate the relative advantage of rural entrepreneurship, the scale advantage index (SAI), efficiency advantage index (EAI), spatial advantage index (LQ) and collective advantage index (AAI) were used through a hierarchical cluster analysis. Also, to investigate the affecting factors, Kruskal-Wallis analysis of variance was done. The change-share method was used to predict the growth status of entrepreneurship in rural areas. As the results showed, Aslandois, Islamabad, Savalan and Oltan have the greatest comparative advantage in rural entrepreneurship. It was also found that differentiating factors are mainly local practices that affect the quantity and quality of entrepreneurship.

### Key words:

Comparative advantage of entrepreneurship, Rural entrepreneurship, *Pars Abad* rural areas

## Extended Abstract

### 1. Introduction

In recent years, entrepreneurship and the creation of entrepreneurial activities have been the best strategies for the survival and development of villages. The rural areas of Pars-Abad County have the potential to develop entrepreneurial activities in all the

three economic sectors. This is due to the geographical borderline location, climatic conditions, and soil fertility of the region as well as the activity of the Moghan Corporation there. However, the conditions of the villages in that region show an unfavorable situation for economic diversification. Despite the advances made in recent years, especially in the field of infrastructures, some elements of the entrepreneurial ecosystem have not yet been developed, certain vital links have been forgotten, and some key factors are still absent.

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## 2. Methodology

This research is a descriptive-analytic applied study. Data gathering was done by document and field methods, i.e. questionnaire and observation. The statistical population of the study consisted of entrepreneurs and villagers. According to the selected samples, there were 22 rural entrepreneurs chosen by the random sampling method and 377 villagers selected randomly. The Scale Advantage Index (SAI), Efficacy Advantage Index (EAI), Spatial Advantage (LQ), and Collective Advantage Index (AAI) were used to estimate the relative advantage of rural entrepreneurship. The hierarchical cluster analysis and Kruskal-Wallis analysis of variance were used to investigate the effective factors. Also, the change-share method was used to predict the growth status of entrepreneurship in the rural areas.

## 3. Results

According to the results, in terms of the spatial advantage in Gheshlagh, Tazekand and Mahmoudabad, the agriculture is the basic active sector. This is a benefit that shows Tazekand and Savalan have the highest concentration of rural entrepreneurial businesses. The results obtained for the efficiency advantage of farms in the economic sector indicate that Tazekand, Aslanduz, Oltan and Savalan, have the highest scores of efficiency advantage respectively. This, indeed, denotes the high quality of business and agricultural entrepreneurship is in these villages. Also, in the industrial sector, Islamabad, Oltan and Savalan, earned the highest score respectively. The overall results showed that Aslanduz, Islamabad, Savalan and Oltan have the most comparative advantage in rural entrepreneurship. As it was found, differentiating factors are mostly local practices that affect the quantity and quality of entrepreneurship. The perspective of future entrepreneurship shows that, by the end of this century (i.e. the solar year 1400), most entrepreneurial activities will be created in agriculture and industry of which the share of the central sector will be more than that of the other sectors.

## 4. Discussion

A survey of the relative advantage of rural entrepreneurship in Pars-Abad shows that the advantage of spatial ratio (i.e. rate of employment) in an economic sector alone necessarily does not mean the existence of entrepreneurial opportunities. Also, the ability to identify these opportunities in the local community will necessarily not lead to the setting up of entrepreneurial businesses. Nevertheless, the findings show that, in an economic sector, a combination

of a certain amount of employment (i.e. the advantage of a spatial relationship or self-sufficiency mode or near self-sufficiency), the environmental factors affecting entrepreneurship, and the nature of businesses (i.e. business spatial link and rural environments) can provide some ground for the identification and creation of new entrepreneurial opportunities. This, in turn, contributes to the creation of a scale advantage (i.e. entrepreneurship quantity) in that economic sector. Moreover, a high rate of scale advantage in an entrepreneurial business, which refers to the quantity of entrepreneurship in an economic sector, increases the efficiency advantage or the entrepreneurship quality in that business. This leads to the inter-sectoral and intra-sectoral transfer of innovations. Therefore, it seems that the amount of entrepreneurship in an economic sector affects the efficiency, or the quality, of entrepreneurial activities in a rural area.

## 5. Conclusion

According to the rating of village in terms of rural entrepreneurship comparative advantage, the study area was divided into three groups of municipalities. Aslanduz, Islamabad, Oltan and Savalan were found to have the greatest comparative advantage in rural entrepreneurship. If there is no change in the performance of the rural entrepreneurship ecosystem in the studied area, more entrepreneurial activities will be created in the agricultural sector by the end of this solar century. In the meantime, the share of the central sector will be higher than that of the other sectors. In the field of industry, the central sector will progress at a positive growth rate.

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## Conflict of Interest

The authors declared no conflicts of interest