

Research Paper

An Evaluation of the Impacts of Empowerment and the Moderating Role of Self-Efficacy on the Desire to Establish Sustainable Rural Businesses

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ABSTRACT

Nowadays, the empowerment of rural people is an important development objective in any country. Accordingly, rural micro-credit fund plans have been introduced as an initiative to improve the quality of life for men and women in rural areas. Therefore, the present study is conducted to evaluate the efficacy of rural micro-credit funds as a financing initiative in improving the quality of life and empowerment of villagers in Ghale Ganj County, Kerman province during 2015-2018. It aims to evaluate the influence of empowering the members of rural micro-credit funds on their willingness to start up new businesses. The statistical population includes all villagers who are a member of the micro-credit funds. The sample size was estimated about 577 people based on using Cochran formula and through random and cluster sampling. The research instrument is a questionnaire, which its validity is confirmed by experts, and its reliability is estimated with coefficient alpha, 0.85, 0.92, and 0.91 for empowerment, self-efficacy, and starting businesses, respectively. These numbers are indicative of the high potential of instruments for data gathering. Data analysis is done through SPSS 25 and LISREL 8.8. Findings approve the goodness of fit of the structural model of the research. Besides, it is found that empowerment dimensions have a positive, direct, and significant impact on the inclination to start businesses. Furthermore, empowerment dimensions through the self-efficacy mediator variables have positive and significant effects.

Key words:

empowerment, self-efficacy, inclination to entrepreneurship, credit fund, *Chahdad Khoda* rural district

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Extended Abstract

1. Introduction

Nowadays, environments and the rule of competition have become increasingly brutal, complex, dynamic, and uncer-

tain that communities can no longer ensure their long-term sustainability and life through merely superficial changes such as changing methods, systems, structures, technology, etc. Accordingly, micro-credit funds have been introduced as a solution for accelerating investment processes, strengthening the financial foundations, saving opportunities in rural regions, the empowerment of rural

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communities, and addressing poverty through improving self-efficacy. Micro-credit funds finance people who typically can not take advantage of the services provided by conventional formal institutions. It mainly seeks to accumulate capacities and capabilities for generating wealth among underresourced entrepreneurs and providing sustainable livelihood resources for villagers. Whereas the human resource is the most precious among production factors, it is the rarest one as well.

A lack of attention to the efficiency of human forces and merely concentrating on other factors not only lessens the efficiency and effectiveness, but it also increases losses and creates dissatisfaction among the members of society. Various studies have found that one of the most important strategies for economic development, both in cities and villages, is creating job and entrepreneurship opportunities. Entrepreneurship reduces unemployment, increases the efficiency of people and resources, and enhances the income levels. The literature on entrepreneurship in developing countries shows that entrepreneurs differ from each other based on how they have started their businesses or what has driven them to establish their businesses. On the other hand, beginning businesses make a significant part of job creation policies and can solve unemployment problems. Despite substantial attempts in addressing unemployment, this problem is still persistence.

Several studies have shown that there are various factors affecting the inclination to entrepreneurship, one of which is psychological nature. People who join in micro-credit funds bring along a range of desires, needs, wishes, and previous experiences that form occupational expectations. Of these expectations are self-efficacy and empowerment. Moreover, self-efficacy beliefs are a prerequisite for entrepreneurship motivation, and any attempt to do entrepreneurial activities is necessary. Although other factors drive human behaviors, they are all a function of individual beliefs.

Many experts argue that one way for improvement is paying attention to entrepreneurship, particularly in villages as human forces and resources available in villages are a window of opportunity for creating entrepreneurship. According to the natural features of *Chahdad Khoda*, this rural district has historically been faced with many challenges and problems. Recent droughts are of numerous natural disasters that have left many negative impacts on water and agricultural resources of the region. Since the economy of the study area is dependent on agriculture, the large population of farmers and their agricultural potentials and talents are negligible. Agriculture plays an important role in the economy of this district.

Therefore, inattention to the economy of villagers can bring about detrimental consequences such as reducing agricultural production and income, lack of interest to stay in the village, intensification of migrants, and evacuation of villages. Overall, regarding the high population of this region, especially the young group, appropriate planning through developing entrepreneurship and home-based occupations lays the foundations for their occupation within the region and prevents evacuating the village. What has mainly drawn the attention of the author is investigating whether the empowerment of micro-credit funds members can make it easier for entrepreneurs to starting businesses in *Chahdad Khoda* rural district.

2. Methodology

The objective, function, and data collection of the present study are based on a descriptive method. The role of empowerment in the desire of micro-credit funds members in the *Chahdad Khoda* rural district to start businesses is investigated. Based on a simple random sampling and a Daniel formula, the statistical population includes all members of micro-credit funds, which are about 3389 persons, out of which 577 persons are chosen as the research sample. The research methodology is structural equation modeling, and data is analyzed using Liserel 8.8 and SPSS 25.

3. Results

Findings show that empowerment has a positive and significant effect on the inclination to start businesses with a path coefficient of 0.18 and a T of 12.54. Besides, with a path coefficient of 0.49% and a T equal to 8.87, the self-efficacy of studied individuals has a positive and significant effect on the inclination to start businesses.

4. Discussion

A survey of self-efficacy based on the ISDM test showed that the majority of individuals with 34% has the highest frequency. This finding is consistent with some of the previous studies, including [Gloria, 2013](#); [sharf, 2001](#); [Karimi, 2018](#). According to the obtained results, the majority of people have a good and desirable tendency to start-up businesses. This is in line with the findings of [Mitchelmore and Rowley, 2010](#); [Anderson et al., 2008](#); [Fayolle et al., 2014](#).

5. Conclusion

It can be concluded that empowerment affects people's self-efficacy, and self-efficacy has a positive and meaningful impact on business startups.

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Conflict of Interest

The authors declared no conflicts of interest