

Challenges Facing the Development of Agro-Based Industries in Shabestar County

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Extended abstract

1. Introduction

The agriculture sector is one of the most important economic sectors in the country and its role on the economic, political, national and international development is important. One of the main concerns of development planners is always the significant share of agriculture sector in production and employment as well as the creation of sustainable food security. The challenges of conversion and complementary industries are among the issues that reduce the efficiency and effectiveness of production units in Shabestar city and have minimized the optimal utilization. In this regard, identifying the challenges facing this industry can help to facilitate and develop it. Therefore, the major issue of this research is to identify and determine the future challenges of conversion and complementary industries in Shabestar city as well as explaining that how these challenges affect each other.

2. Theoretical Framework

The industrialization of agriculture and development of conversion and complementary industries have a close connection and they can play a role on achievement of sustainable development especially in rural areas by interacting with each other. Based on the viewpoint of industrialization, the expansion of activities and diversification of rural economy can be considered as an important factor in improving the value added to the agriculture sector, reducing waste and imports, and also preventing withdrawal of foreign currency from the country. Also, it can improve and upgrade living standards, increase welfare, provide essential goods for poor rural households and ultimately play an important role in the development of rural areas by creating jobs and increasing the distribution of more balanced incomes. Creating these industries in agriculture sector along with promoting technology in industrialization process will provide more opportunities for other sectors including transportation and some groups of service sectors.

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3. Methodology

The present study is qualitative and in terms of objective is applicable-developmental. In order to comprehensively investigate the issue; the target community to interview has been 43 knowledgeable experts in the related organizations, university professors, entrepreneurs and managers of Shabestar manufacturing units and sample farmers. The selection of samples was done using a targeted approach as well as the snowball method. Deep interviews in the form of focus groups were used to collect data and continued until theoretical saturation. Data analysis was carried out with a regular process and at the same time with continuous comparison of data. In this method, the main technique for data analysis is coding that was performed in three steps:

1. Open coding, 2. Axial coding and 3. Selective coding.

4. Results and Discussion

Considering the results of discussion of focus groups with the target community and the derivation of extracted concepts, the problems of conversion and complementary industries in Shabestar city are identified and categorized in the form of seven factors of rules and regulations, infrastructure and technology, institution and administration, management and entrepreneurship, economy and finance, training and human resources, and market system. Based on the findings of this study, the factor of market system with 399 frequencies and 595 reference codes has had the highest share and rules and regulations with 166 frequencies and 225 reference codes play the lowest role regarding the challenges of conversion and complementary industries in Shabestar County. In addition, the problems of conversion and complementary industries are considered as a major phenomenon covering sub-phenomena. The sub-phenomena come from the lack of supports, legal vacuum and policy making, weakness in the administrative system, management weaknesses, weaknesses in education and workforce, weaknesses in investment, and poor marketing.

The problems arising from casual conditions lead to national and regional consequences, loss of value and reduction of agricultural activities, threat to related industries and the disappearance of target industries, the loss of capital caused by inactivation of factories, distance between product and the target market, daily increasing of final costs of industries products, lack of access to new technologies, environmental threats, increasing interest in mediation, lower prices of agricultural products, increase of poverty, unemployment and migration are among the consequences which are formed by the occurrences of the main phenomena and sub-phenomena. If the scope of phenomena is broadly and nationally considered, then the issues such as threat to food security, imports increment and withdrawal of foreign currency from the country should be added to the above phenomena.

5. Conclusion and Suggestions

The research findings indicate that conversion and complementary industries are faced with some challenges in the field of rules and regulations, infrastructure and technology, institution and administration, economy and finance, training and

human resources, management and entrepreneurship and market system. These challenges bring about reduction of the efficiency and effectiveness of production units and make the optimal utilization difficult. The geographical location of Shabestar, its location in Iran-European communication route, its proximity to Aras Free Zone as well as its neighborhood with west Azarbaijan province indicate the high capacity of this city; however, this regional opportunity has not been used in the field of conversion and complementary industries especially in marketing.

The most important problems of conversion and complementary industries are related to the challenges of market system and marketing. Cash purchase of production inputs, long-term sale of agricultural industry products, instability of price in the market, absence of unions active in the marketing especially in the products of conversion and complementary industries, lack of specific target market of agricultural industries, low awareness about the importance of branding in the products of conversion and complementary industries along with production-oriented thinking instead of market-oriented thinking and customer orientation have caused that conversion and complementary industries in this city face with the challenges of market and marketing. One of the most important requirements for the development of conversion and complementary industries is the attention to the barriers of regional development that should be identified, modified, controlled and if necessary eliminated. Therefore, there is a need for further research and study in the areas of regional, national and international marketing, imports and branding.

Keywords: Agro-based industries, Grounded theory, Marketing, Agricultural development, Shabestar County.

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