The effects of diversification into economic activities on the welfare of the rural community case study: the central district of Kerman county

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Abstract

One of the important strategies for development is diversification into economic activities. Since the village is at the core of the formation of human societies, the issue of the stability of the rural economy is very important. Villages usually have a single-product economy, which causes the villages to retreat from development. So, we should look at ways in which rural economies could be transformed into a dynamic and powerful economy by diversifying the economic activities of rural households. The purpose of this study was to investigate the effects of diversification into economic activities on the welfare of rural households in the study area. To identify the variables of diversifying the economic activity (independent variable of the research) through theoretical foundations and research background as well as through the interview and guidance of the professors in this field. The statistical population of this study was 8956 rural households living in 11 villages in the district part of Kerman County. Out of these, 384 households were selected through Cochran sampling and 412 households were normalized to normalize the data. Data were collected through a researcher questionnaire. The validity of the questionnaire was confirmed by experts and its reliability was confirmed by Cronbach's alpha coefficient (.963). Data were analyzed by SPSS software using T-test single sample, regression and independent T-test. In the analysis, the villages of the study area were compared in terms of economic diversity and welfare. The results obtained from the hypothesis confirm the effect of the diversification into economic activities on the welfare of rural households. In fact, the results indicate that there is a significant difference between the households with and without the diversity of economic activities in terms of welfare. In other words, households with a variety of economic activities experience a higher level of welfare than non-diverse families.

Key words: *Economic Activities, Welfare, Rural Households, Central District of Kerman.*

Extended Abstract

Introduction:

In the economic structure of the rural areas of different countries, agriculture is a vital source of livelihood (Taherkhani, 2000, p. 21). The most important characteristic of such a structure is the lack of diversity in economic contexts and job opportunities, especially for the growing rural labor force, which is partly due to the type of village attitudes and government policies and internal factors of the

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village. Such economic and occupational structure in rural areas raises specific issues, such as less flexibility in the face of short-term climate fluctuations, crop price fluctuations at harvest, etc. (Javan, 2011, p. 19). Diversifying the economy of rural settlements in developing countries has improved non-agricultural job opportunities in rural areas and has a significant impact on the well-being of rural households. Today, the development of non-agricultural sectors and the diversification of activities in rural areas are the essential solution for rural development in many communities (Mohammadi Yegane, 2014, pp. 56-57). In recent years, the discussion of diversification and economic specialization has been particularly prominent in rural, urban, and regional economics. Economic diversity is defined as the existence of a large number of different types of economic activity, such as tourism, agriculture, services in one area, or the numerous economic activities of an area that are distributed among a number of classes of industries (Farahmand & Abootalebi, 2012, p 57). Kerman as the central city of the province consists of six districts, the largest of which is the central part. Proximity to the provincial and city center can have important effects on the diversification of economic activities in the villages, and in this study we seek to examine the relationship between economic diversification in these villages and household welfare. As one of the largest provinces in the country and one of areas most likely to be affected by the widespread drought crisis in the country, it desperately needs to diversify into a rural economy and cannot rely solely on long-term activities. Provide agriculture, employment and welfare to the rural population. Migration from villages, districts and small towns and areas vulnerable to climate change to large cities has increased. Among these are the migration and evacuation of parts of the eastern and southeastern provinces of the country. This situation reduces the rate of economic growth in these areas (Climatology Research Institute, 2017, p. 20).

Methodology:

The present study uses descriptive-analytical method and quantitative and field research to investigate the effects of diversification on economic activities on welfare level of rural community in central part of Kerman city. Required information, field research and public libraries - It has been updated. The statistical population of this study consisted of 60 rural settlements of more than 20 households in the central part of Kerman city based on cluster sampling of 11 villages (Bagher Abadrig, Saadatabad, Allahabad, Rabat, Dehlolo, Simak, Abdulabad, Darby). Asiab, Saeedi, Sharafabad, Hossein Abadfarsangi) selected. Using Cochran sampling method out of 8956 households, the sample size is 384 households. In order to normalize and control the effect of missing data, the total number of questionnaires increased to 412. A researcher-made questionnaire based on previous research and teachers' comments designed in three sections. The first part covered the individual characteristics of the respondents such as: age, sex, education, main household head job, household subordinate job, etc. The second part included questions on economic diversity indicators and the third part on questions on welfare indicators. In order to assess the effects of diversification on economic activity, three indicators examined, which are described in Table 2. The validity of the questionnaire measured by the views of 10 Rural Development and Planning Professors in Tehran universities and its reliability measured by Cronbach's alpha coefficient, which is based on correlation matrix of the items and measures the coefficient of the whole spectrum. . The results of analysis of 30 pre-test questionnaires showed Cronbach's alpha (0.963) indicating high level of reliability. In order to statistical analysis of the research findings extracted and classified. Data collected from questionnaire analyzed using one sample T test, two independent samples T test in SPSS software. . But the central part of the east of Kerman city is between 56 degrees 15 minutes to 57 degrees 33 minutes east longitude and 30 degrees 1 minute to 30 degrees 43 minutes north latitude. The area of this section was 644/4460 sq. Km. Figure 1 shows the location of the villages under *study.*

Findings and Discussion:

To evaluate the level of well-being, the indices considered. One sample T-test used to measure these indices. The welfare status of the households in the study villages is poor. In fact, rural households in the study area suffer from low levels of well-being. Stepwise regression used to explain

the effect of each of the independent variables of the research (economic diversification) on the dependent variable (welfare). According to the results, there was a high correlation between "security and job satisfaction and income" (R = 0.802), "multiplicity of economic activities" (R = 0.445), "investment context" (0.428). R =) and there is prosperity. Independent T-test used to compare the level of livelihood among households with and without diversity in economic activities. It shows that the mean of the two groups are significantly different.

Conclusion:

Most people have moderate to low incomes and have been in service jobs due to agricultural problems. However, due to its proximity to Kerman, the potential of service and industrial jobs in these villages is greater than that of agriculture and livestock. Almost all people who have a job are dissatisfied with their salary, job and welfare status. From a welfare point of view, people were generally satisfied with their nutrition and drinking water, housing and access and transportation facilities, but were not sufficiently satisfied with the status of leisure, education and health facilities in their villages.