The Requirements of Starting up a Business in Rural Areas of Golestan Province and the Effect of Technical & Vocational Trainings on them

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Extended Abstract

1. INTRODUCTION

Recently, diversification of rural economic activities has received more attention than before. Developing entrepreneurship and increasing self-employment opportunities for the rural people are crucial issues in current government policy. Setting up a business in rural areas needs a wide range of requirements. Clearly, Technical & Vocational Trainings could help rural entrepreneurs to start a business and provide such requirements. Therefore, this research aimed to identify requirements of setting up a business in rural areas and the effect of technical and vocational training on providing these requirements in Golestan province.

2. THEORETICAL FRAMEWORK

In recent years, significant changes have been observed in the rural areas. Depopulation, infrastructural inadequacies and high dependence on farming are characteristics of majority of rural areas in Iran which are in need of significant development programs that might certainly affect their already fragile socio-economic fabric. In these areas, the need for economic diversification and integrated development is even stronger since agricultural adjustment has led to employment opportunities reduction in farming. There is a wide range of programs which, in some way or another, might contribute to stimulate and support various kinds of rural enterprise. Some of these programs are specifically considered for rural enterprises by providing skill training in rural areas. Obviously, Technical & Vocational Trainings could assist rural entrepreneurs to start an independent business. Thus, the main purpose of this research was identifying requirements of business set up in rural areas and the effect of technical and vocational training on providing these requirements.

3. METHODOLOGY

The survey method of this research was based on questionnaire. The study population contains 1482 rural trainees of technical and vocational organization in Golestan province during 2009-2011. Based on Cochran formula and cluster sampling technique, a sample size including 225 trainees were selected. Validity of the questionnaire was confirmed by faculty staff and experts of technical and vocational training organization in Golestan province and reliability of the questionnaire for effects of technical and vocational construct was confirmed by calculating Cronbach’s Alpha (α=0.96). A combination of descriptive and inferential statistics was used to address stated research objectives. Descriptive statistics were used to describe socio-demographical characteristics of respondents and their business. In addition, factor analysis was used to identify hidden aspects of the business requirements which evaluate the effect of technical and vocational training on providing these requirements.

4. DISCUSSION

The result of the present study showed that the majority of trainees (66%) have succeeded in starting their own business according to their trainings and skills. Most respondents (40.9%) have small businesses in service sector and others were working in fields such as farming, animal husbandry, construction, trading, industry and cooperative. Fifty-three point eight percent of respondents stated that they did not have any previous experience to start their current business. Most respondents started their businesses as a barber (13 respondents) and mushrooms grower (12 respondents); other favorite vocations were tailoring, carpet weaving, computer service, car fixing, constructing, honey-bee growing, plumber, flower growing, motorcycle fixing and fish growing. In addition, among the respondents, only

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24.7% had employed labor force in their business. 35.3% of the average monthly income of the owners of business were 301-500 thousands Tomans and 7.3% of them earned more than 700 thousands in a month. 34.7% of respondent have regarded their business in “growth process”. The motivations to participate in vocation and professional trainings were “receiving certificate” and “improving their skill and knowledge”. From respondents’ perspectives, vocational trainings like receiving technical trainings of related business and increasing self-confidence in business—were the most important influential factors. Factor analysis illuminated four factors for effects of technical and vocational trainings on rural business set up: receiving technical and practical skills of business, creating entrepreneurship spirits, motivating self-employment—and public and social skills of business. These factors explained 69.355% of variance of technical and vocational trainings effects on business set up. The results of Logistic Regression analysis showed that education, former experience, self-employment intention, "gaining technical and practical skills of business" and motivating self-employment had positive effects on probability of students’ self-employment.

5–Conclusion
The results of the present study revealed that skill trainings such technical and vocational trainings play a key role to stating a business in rural areas. In fact, skill training, psychological characteristics and motivations such self-confidence, income independence and to be their own-boss have important contribution in self-employment among rural residents of Golestan province. Therefore, a need is felt to strengthen skill training infrastructures to boost advancement of rural enterprises and these trainings should be provided based on opportunities in rural areas. Through the consortium for entrepreneurship education, steps have been taken to raise awareness among policymakers, particularly at the state level, of the importance and value of entrepreneurship education in schools and communities. On the basis of the findings of this research, we would conclude that there is a need for a more strategic and coordinated approach towards creating the entrepreneurial opportunities in rural areas according to a clear vision of the role that entrepreneurship can play in future rural development and agreement about the actions which are required to achieve it. Thus, policies to encourage entrepreneurship need to be closely tied to improvements in the training and physical infrastructure, which will make these areas more attractive places to live and work:
- Strengthen the link between technical and vocational organization and universities to provide skill training during university educational trainings.
- Establish consultant’s center in rural areas to guide people, target raining and increase the effectiveness of trainings.
- Items such financial analysis, economic assessment, risk-taking, marketing, business plan, insurance and tax issues should be included in technical and vocational trainings.
- Support trainees by providing advanced trainings and improve their skills.

Key words: Rural entrepreneurship, technical and vocational trainings, business set up, business requirements, Golestan province.

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