

## **Investigation of the Factors Influencing the success of Rural Industries in Employment Generation (Case Study: Isfahan Province)**

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### **Extended Abstract**

#### **1. INTRODUCTION**

The shortage of employment opportunities in rural areas has caused some problems such as low income and rural under-development, and has led to the villagers' immigration to cities. Along with agricultural sector, non-agricultural sector and especially rural industries have high potentials to raise labor employment in such areas. However, there are some factors that restrict the use all the potentials of rural industries for employment generation. This study, besides investigating the success of rural industries in employment generation, has attempted to show the influence of environmental, structural, individual, economical, technical, social, cultural, political, and legal factors on employment generation.

#### **2. THEORETICAL FRAMEWORK**

The most important factors affecting the success rate of employment include: the amount of investment, amount of working capital, primary studies, demand for products, domestic or foreign raw materials, prices and quality of products compared to the competing products, number of products, ratio of skilled employees, technology, compliance with standards of products, ability to provide the parts inside or outside the country, ability to fix the machines from inside or outside the country, stability and coordination of government policies and programs, government support, the law of labor, the multiplicity of taxes and duties, entrepreneurship, a sense of security, workshop ownership, workshop location, the state of infrastructure services and facilities, workshop distance, age, level of education, field of study, and work experience.

#### **3. METHODOLOGY**

The conceptual framework of this study was built upon a literature review, statistical data,

and interview with scholars and expertise. These materials helped us to design and modify a questionnaire which was the main element for data gathering. After checking the validity and reliability of this questionnaire, the data were gathered from the rural industry firms in Isfahan Province using a survey research method. A systematic random sampling method was used in which a sample size of 90 firms, calculated by Cochran formula, was selected for this propose. The data were gathered through the questionnaire and interview, and then analyzed using SPSS software.

#### **4. DISCUSSION**

The findings indicate that, from among the economic factors, capital amount, the amount of working capital, primary studies, demand for products, domestic or foreign raw materials, and quality and cost of competing products influence the effective employment growth. Diversity of products, the ratio of skilled staff, and compliance with standards increase employment. In addition, employment of the workshops that have the possibility to repair their machines and provide the parts inside the country, are greater than those which depend on foreign countries. Based on political and legal terms, stability and coordination of government policies and programs, government support, law of labor and the multiplicity of taxes and duties influence the effective employment status. The effective social factors are entrepreneurship, a sense of security, and type of workshop ownership. From among the environmental factors, employment rate is affected by the position and distance of the workshops from the urban centers and through the improvement of infrastructure facilities and services, employment promotes..

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## 5. COCLUSION

1. It is necessary to provide the infrastructure facilities and services required by the industries.
2. It is recommended that, people in the age group between 40 to 49 years with adequate working experience, get priority to have the license of establishing a new firm.
3. It is recommended to help encourage the entrepreneurial spirit in rural areas through improving entrepreneurship education, providing familiarity with entrepreneurs and their experiences, using the experiences and entrepreneurial patterns of other countries, promoting entrepreneurship education through mass media, and educating and organizing it for internalization of the values at different stages of education.
4. Industrial firms should be helped to access more financial capital for better employment generation.
5. It is recommended to facilitate and increase the bank facilities and industrial loan payments.

6. Industrial firms should be encouraged to have more varieties of products to develop employment generation.
7. It is necessary to have a plan for raising the competitiveness power of such industries against the modern or unauthorized ones who are producing similar goods.
8. Policies, laws, and regulations specified for the industrial firms should be more stable.
9. The prices and supplies of raw materials should be controlled more.
10. More controlling over foreign imports is recommended.
11. The activities of unauthorized workshops should be monitored and controlled more for the purpose of expanding rural workshops.
12. The issuing of license for workshops establishments should be done considering the market demand.

**Key words:** Employment, employment generation, rural industries, job satisfaction, entrepreneurship, employment opportunity.

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