

*Full Length Research Paper*

# Influencing factors on entrepreneurial skills of rural women in Ilam City, Iran

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**Development scholars believe that one of the most important requirements for development in the 21<sup>st</sup> century is entrepreneurship, and more attention to the needs of women. For this purpose, this paper is aimed at identifying factors influencing rural women in Ilam City about entrepreneurial skills, and has been undertaken using the survey method. Questionnaire is the main instrument of data collection in this research. The population used in this research is 8, 770 Ilam rural women. Using the Cochran formula, 250 people were selected as sample using the proportional stratified sampling method. Statistical analyses are done with SPSS Version12 software. The result showed that 36% of the respondents represented low entrepreneurship skills. In addition to that, regression analysis showed that individual skills and participation and psychological features determined 37% entrepreneurial skills.**

**Key words:** Entrepreneurship, entrepreneurial skills, rural women, Ilam City.

## INTRODUCTION

In today's competitive world, and based on market economy along with rapid international changes and developments, entrepreneurship is considered as the engine of economical development that can play an important role in the country's economic growth, employment, and social welfare. Planned interventions can significantly help the economical development of countries and solve the community's unemployment problem (Ahmadpour, 2001).

Various studies have showed that one of the most important economical development objectives (whether in cities or villages) is employment, and most important mechanism and tool of it is the entrepreneurship. Entrepreneurship reduces unemployment, increases the people's productivity, resource, and the community's income. Entrepreneurship requires a particular culture which is very difficult to grow and requires a long-term effort. Ability of understanding the changes and discovering the opportunities, participation and teamwork, creativity, spirit of independence and responsibility, risk,

and jeopardizing are all the constructive elements of this culture which are not achieved by short-term and task force plans. Best strategy for developing entrepreneurial culture in rural areas is improving entrepreneurial education through various promotional and training programs (Petrin, 2002).

Considering that rural girls and women play an important role in agricultural economy but their poor access to information and knowledge has disabled them to increase their activists' productivity and use their potential capacities and opportunities (Karimi et al., 2006), research shows that women who start new businesses usually face a lack of business information and access to support systems (Allen and Truman, 1993). Also, beginner entrepreneur women have no hardware resources (savings and investment) and software resources (management and training experiences) (Carter, 2005). Therefore, a plan to develop human resources for the agricultural sector, especially for rural women and related intellectual and financial investments, should be seriously considered. Obviously, the first step in planning the human resources development is learning the human resources properties and suitable procedures for achieving this objective. In this regard, the needs of rural women should be

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evaluated and prioritized, respectively (Chizari and Shriatzadeh, 2004).

Rural women are half of the rural population. Rural women comprise 7.7% of labor in rural areas. 67% of world labor is related to women. Rural women produce more than half the foods in the world. Totally, 54% of rural women work in agricultural, 34.5% in industrial and 9% in service sector (Lahsaeizadeh, 1995).

Hisrich (2005) believed that women are the world's largest underprivileged group. Accordingly, planners and experts, in the first step, should concentrate their efforts to eradicate the limitations and privation, and lead the rural women to the social and economical equality. He believes that it is not possible except by empowering them through entrepreneurship.

Entrepreneurship is the act of being an entrepreneur which means accepting responsibility, pursuing opportunities, providing the needs and demands through innovation and starting a commercial business (Burch, 1986).

In this study, entrepreneurship is operating a business by the rural women of Ilam city and accepting the risk with the aim of employing themselves and others. Entrepreneurs require different skills to operate and manage a successful business. The ability of a gained knowledge correct application and using it in business administration represents an entrepreneur's level of professional skills. These skills are different in a variety of businesses and it is assured that every business require skills and specialized knowledge such as personal skills, entrepreneurship's managerial skills, and entrepreneurship's technical skills, (Ahmadpour, 2001). Training requirements are needs removable through training. These requirements are only discussed in the field of knowledge, skills, and attitudes. Inevitably, training requirements are desirable changes in knowledge, skills, and behavior which an organization's members should initiate so that the job related duties and responsibilities, acceptable and consistent with standards, would be done desirably (Torkzadeh and Abbaszadegan, 2000). So, in this study, the training requirement is the gap between competence of rural women at the present level and a higher level of competence in the field of entrepreneurial skills which is essential for the rural women's effectual performance in starting a business. Rural women, in this study, are women who can read or write and reside in rural areas of Ilam city and most of their activities are agriculture, animal husbandry, handicrafts, and services.

Winn (1998) believes that entrepreneurship training brings up entrepreneurs by increasing knowledge about the labor market, increasing the psychological characteristics such as self-confidence, self esteem, and self efficacy. Jones and English (2004) in their studies found that there is a significant relationship between entrepreneurial training, self-confidence, and the skills of individuals in recognizing the business opportunities. Hisrich and Brush (1998) in research about entrepreneur

women have come to the conclusion that variables such as previous experience, education, participation in business, management skills, age, marital status, and economical status in life have a considerable effect on the success of the entrepreneur women.

Howard (2004), in a study, examined the effect of creativity, risk, internal control, achievement motivation, and independence on entrepreneurship and concluded that there is a direct link between this abilities and entrepreneurial ability. Boroumandnasab (2002) evaluated the relationship between development motivation, risk, creativity, and self esteem and showed that there is a significant relationship between development motivation, creativity and entrepreneurship. Golrad (2004), in a study entitled "factors affecting the development of Iranian women entrepreneurship", concluded that there is a significant relationship between individual factors, personality characteristics, cultural factors, human capital, and entrepreneurial development.

Bahrami and Zamani (2006) evaluated the effects of self-confidence, perseverance, futurism, creativity, commitment, and social relationships on the entrepreneurial skills and concluded that there is a positive significant relationship between self-confidence, perseverance, social relationships, and job skills. Jelodar et al. (2007) in a study entitled "factors affecting the success of north country's women entrepreneurship" showed that the TV, visiting the other's business, and entering the training promotional classes, are most common communication channels to gain occupational information. Family has had the most effect on their work success. Help to improve the living conditions of families and an independent income have been the respondents' most important stimulus for starting business and achieving success. Women who confirmed the fathers' influence on their success have enjoyed higher average success than other women. Correlation of entrepreneur women's success rate with the motivation to earn more money and help to improve the living conditions of families is positive and significant, while jobbery and self determination is negative and significant, and the use of radio, television, and the internet is positive and significant.

There are two main reasons for studying the entrepreneur women. The first reason is that entrepreneur women are considered as an important sealed source of economical growth during the past decade, employing themselves and others and making the community ready to take advantage of the entrepreneurial opportunities.

The second reason is that the issue of women in the entrepreneurship has been neglected by both the community and the social sciences (Sichani et al., 2007).

The main purpose of this study is to identify factors influencing Ilam city's rural women in gaining entrepreneurial skills. The objectives are the effects of rural women's personality characteristics, individual skills, participatory characteristics, and psychological

**Table 1.** The relationship between research variables and entrepreneurial skills.

Variable	Correlation coefficient	r	p
Age	Pearson	-0.15 *	0.018
Marital status	Lambda	0.26	0.001
Educational conditions	Spearman	0.403**	0.00
Family income	Pearson	0.123*	0.053
Personal skills	Pearson	0.541**	0.00
Participation features	Pearson	0.483**	0.00
Psychological characteristics	Pearson	- 0.186**	0.00

**Table 2.** Stepwise regression of rural women's entrepreneurial skills.

Variable	R	R <sup>2</sup>	Adjusted R <sup>2</sup>
Personal skills	0.541	0.293	0.290
Participation features	0.591	0.349	0.344
Psychological characteristics	0.610	0.372	0.364

characteristics on the entrepreneurial skills.

## MATERIALS AND METHODS

This is an applied and non-experimental (descriptive) research. The methodology of this research is survey. Statistical population is 8, 770 of Ilam city's rural women, of which, according to Cronbach formula, 250 were selected by proportional stratified sampling. Questionnaire was designed as the main tool of the study; all questions except the personal characteristics of rural women were written as Likert's five-point range including five sections: knowing entrepreneurial skills, personality characteristics, individual skills, participation features, and psychological characteristics of rural women. Dependent variable of study is entrepreneurial skills of rural women. For measuring the study tools, validity of the questionnaire was given to six Islamic Azad University professors and experts associated with the subject in the ministry of Agricultural organization, and a primary-test that involved completing 30 questionnaires for measuring reliability was done and the Cronbach alpha coefficient was 84%.

Dependent variable of this study is the rural women's entrepreneurial skills. In this study, descriptive and inferential statistics were calculated and reviewed. The data were analyzed through SPSS version 11/5 software.

## RESULTS

Research findings show that 68.8% of respondents were 21 to 40 years old and 4% were above 51 and more. The minimum age was 15 years and maximum was 60 years. Rural women's level of education shows that 34% of the respondents have diploma and 16% of them have bachelor or higher degrees. The results of studying the respondents' marital status indicate that 2% were divorced and 50.8% were married.

Based on data collected, the majority of respondents

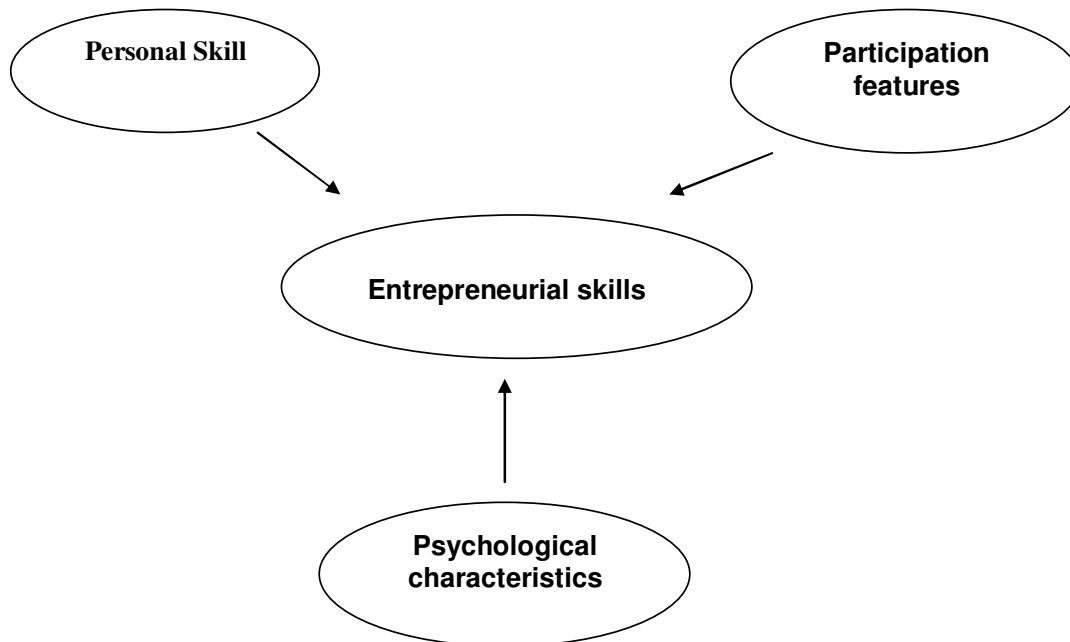
(27.2%) have expressed their individual skills and their effects on the entrepreneurial skills at a low level. According to data collected, the majority of respondents (31%) have expressed their participation characteristics and their effects on the entrepreneurial skills at a medium level. Most respondents (39%) have expressed their psychological characteristics and their effect on entrepreneurial skills at a high level. According to this, 36% of respondents expressed their entrepreneurial skills were at a low level, and only 7% expressed it at very high level.

For analysis data, Pearson, Spearman and Lambda's correlation coefficients were used to test the correlation between variables. Findings of Table 1 shows that there is a significant negative relationship at 5% level between the age and entrepreneurial skills, while there is a significant positive correlation at 1% level between the educational conditions, personal skills, and participation features and the entrepreneurial skills. Also, there is a significant negative correlation at 1% level between respondents' psychological characteristics and their entrepreneurial skills.

To predict influencing variables on entrepreneurial skills of rural women, multiple regression was used. After entering all independent variables having significant correlation, individual skills, participation features, and psychological characteristics variables remained in the equation. These variables determined 37% percent of the dependent variable variance (Table 2). Individual skills variable with the amount of  $R^2 = 0.290$  is the most important variable influencing the entrepreneurial skills of Ilam's rural women; this variable, alone, determined about 29% of the rural women's entrepreneurial skills. According to the results shown in Table 3, the regression equation according to the B and  $\beta$  quantities were

**Table 3.** Standardized and unstandardized coefficients of rural women's entrepreneurial skills.

Variable	Unstandardized coefficient B	Standardized coefficient $\beta$	t-value	Sig.
Constant	29.015	-	11.682	0.000
Personal skills ( $X_1$ )	0.901	0.541	10.134	0.000
Participation features ( $X_2$ )	1.061	0.277	4.623	0.002
Psychological characteristics ( $X_3$ )	-1.131	-0.151	-2.674	0.003

**Figure 1.** Influencing factors on entrepreneurial skills of rural women.

respectively given as:

$$Y = 29.015 + 0.901X_1 + 1.016X_2 - 0.131X_3$$

$$Y = 0.541X_1 + 0.277X_2 - 0.151X_3$$

Figure 1 shows collections of determining and effective factors in improving rural women's entrepreneurial skills.

## DISCUSSION

This study showed that majority of respondents expressed that their entrepreneurial skills are at a low level. The results of the correlation coefficient indicate that there is a positive relationship, significant at 5% level between age and entrepreneurial skills of rural women. There is a significant positive correlation at 1% level between education level, individual skills, and collaborative features variables of respondents and their entrepreneurial skills. Similarly, there is a significant

negative correlation at 1% level between the respondents' psychological characteristics and entrepreneurial skills. The results of this study are in accordance with the study results of Hisrich and Brush (1998), Howard (2004), Zamani and Bahrami (2006), Jelodarzadeh et al. (2007), and Golrad (2005).

In this regard, it is suggested that educational preparations adopted in training packages for entrepreneurial skills training to enhance rural women's information about these cases and the entrepreneurial skills training centers should be developed too. For training the rural women, the required infrastructures should be strengthened to equip the entrepreneurial training centers. Therefore, participation and interaction between rural women should be expanded by developing the entrepreneurial training in rural areas and government should investment in entrepreneurial training projects.

Results of stepwise regression analysis show that the individual skills, participation features, and psychological features, determined 37% of the dependent variables

variance. The results show that individual skills is the most important variable affecting entrepreneurial skills among Ilam's rural women so that this variable, alone, determined about 29% of entrepreneurial skills. Thus, it is clear that the individual skills, collaborative features, and psychological features determined 37% of entrepreneurial skills. Howard (2004), Winn (1998), Jones and English (2004), Boromandnasab (2002), Golrad (2003), Zamani and Bahrami (2006), and Jelodarzadeh et al. (2007) have confirmed this in similar studies.

In this regard, it is suggested that a serious and fundamental revision in preparing the content of entrepreneurial training programs should be done to provide accurate, appropriate, comprehensive, and up to date information, and improve their quality according to the individual skills of rural women. In other words, paying attention to the addressees' requirements should be the main objective of entrepreneurial training program.

There are various policy implications for improving women entrepreneurship. The suggestions here are structured into five parts: (i) empathetic actions of government, (ii) attitudes recommendations, (iii) bank-related policy recommendations, iv) training and consultancy related policy implications, and (v) other significant recommendations.

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