Full Length Research Paper

Factors affecting economic prosperity of rural families in the South Khorasan Province (Iran)

Seyyed Mohsen Nasiraei[1], Seyed Jamal F Hosseini[2]* and Homayoun Farhangfar[3]

[1]Armenia State Agrarian University, Yerevan, Armenia.
[2]Department of Agricultural Extension and Education, Science and Research Branch, Islamic Azad University, Tehran, Iran.
[3]Faculty of Agriculture, Birjand University, Birjand, Iran.

The present study was applied in nature and was carried out in a survey method. The purpose of the study was to analyze factors affecting economic prosperity of rural families in the South Khorasan province. The total population of this study was all of the rural families in that province. The information was collected through the questionnaire and was analyzed with a logistic regression model. The results indicated that the probability of economic prosperity was improved by 4.3% per increase by one year. Lack of ownership automobile and telephones by family head brought about a reduction is probability of economic prosperity by about 73 and 65%, respectively. Variation by one degree in the category of routine costs of a family resulted in a promotion by 40% in the probability of economic prosperity of family. Lack of commercial and financial morale among respondents results in decrease of economic prosperity by 52.5%.

Key words: Economic prosperity, rural family, South Khorasan, Iran.

INTRODUCTION

Rural development has been a cornerstone of economic development in developing countries. Although government of Iran has allocated resources for development of rural areas, but socioeconomic inequality still exists in some of deprived rural areas in country (Hossanei, 2005).

A review of the cost of living among urban and rural families is an in indicative of the fact that the standard of living in rural areas has always been lower than urban communities (Iranian Economy Monthly Paper, 2006).

Casey foundation (2007) concluded that economic prosperity of rural family as a strategy should be beyond only reduction of poverty and creation of employment. The strategy should consider three major issues of earning, keeping and increasing income.

Non farm incomes along with ages, educational level, job status and number of employed family members has been effective factors on economic prosperity of rural population (Mishra and Paudel, 2009).

In a research by Oluwasola et al. (2008) amount of crop production per tone, cost of inputs, availability of credit facilities and transportation costs were major income determinants of rural farmers. The results of descriptive statistics and regression analysis suggested that there was a negative statistical relation between net income of farmers and their distance from urban centers though an increase in distance from urban enters was correspondent with an increase in size of cultivation activities.

Saving is another important economic factor and studies in some developing countries indicated that poor farmers could have opportunity to have saving, if proper conditions are existed (World Bank, 1995).

*Corresponding author. E-mail: jamalfhosseini@srbiau.ac.ir.

Different factors such as income, interest or inflation rate and availability of financial institutions effectively contribute to an increase in rural saving (Rabin, 2007). Some studies have shown that factors such as occupation, gender and educational level had a positive effect on saving behavior of rural family household. Some believe that access to financial credits may direct poor rural population toward an increase in income and saving part of their income.

Ouma et al. (2009) reported that access to financial credits and age influenced saving rate of family negatively and unlike this, promotion of production and service profitability level, increase in investment on employment based on rural industries and specially in agricultural industries, increase in subsidies and reduction of taxation rates and duties imposed on inputs and products and most important the implementation of educational plans with the purpose of promotion of financial management skills of rural family heads have been considered as positive and effective elements of rural family saving level.

In the study of the cultural elements affecting economic prosperity of families, there was a significant positive relation between socio-cultural of individuals, development of social relations and economic prosperity (Chalabei and Janadeleh, 2007).

The classic rural development plans proved inappropriate in Iran and considering the economic statues of rural families in the Southern Khorasan Province of Iran in 2008, a shift of attention to critical economic conditions of rural families in this province is an urgent need.

According to the latest statistics in the Southern Khorasan Province in 2008, mean family size was 3.34 persons and average number of the family members having revenue was 1.66. Moreover, mean annual income of a rural family in Southern Khorasan province was Rls 25.200.095 that is considered to be one of the lowest numbers in rural areas of Iran. This indicates low income level of rural families of Southern Khorasan province to average cost and revenue of rural familiars in Iran.

Combination of yearly costs of a rural family indicates the fact that the yearly increase in the cost of food items proportionate to that of other items is lower by 17% than average proportion of yearly increase in cost of food items to that of other items in other rural families, Iran. This is indicative a lower income and economic status of rural families in Southern Khorasan province compared to mean income level of Iranian rural families. The major purpose of this study was to examine factors influencing factors the economic conditions of rural families in the Southern Khorasan Province.

MATERIALS AND METHODS

The research type of this study is applied type and descriptive/ correlative method was used. The information used in this study was collected through distribution of questionnaires. The total population was all heads rural families residing in the South Khorasan Province 78637 rural families based on the census carried out in 2006. The sample population was 784 which were selected by Cochran's formals. The formula for determination of sample size was:

$$n = \frac{t^2 pq}{d^2}$$

Out of 784 questionnaires, 773 were completed by respondents. Reliability of the questionnaire was measured by Cronbach alpha and was determine to be 79%. The validity of questionnaire was confirmed by a panel of experts and faculty member.

The dependent variable was economic prosperity of head of household members of rural population and the independent factors were affective factors on economic prosperity. Data are collected by interview and analyzed by using regression analysis and Chi square statistical methods.

RESULTS

Mean age of the respondents was 50 years while their minimum and maximum ages were 18 and 87 years, respectively. The educational level of majority of respondents was illiterate and primary education (N = 440). The average income of respondents was Rls 2.490,940 and the highest frequency for annual saving was between Rls 401.000 to 500.000.

The result of logistic regression analysis was shown in Table 1. According to the results obtained on demographic specifications in this study, the effect of age and Number of household members on their economic prosperity was statistically significant ($P < 0.05$) and the regression coefficients were estimated to be positive (0.042) and negative (- 0.218), respectively. The proportion of probabilities estimated for the factor of age indicated that the probability of theirs economic prosperity was increased by 4.3% per each one year of increase in the age of a respondent. This suggested the older respondents achieve greater economic prosperity than younger respondents.

According to the proportion of the probabilities estimated concerning the factor of number of family members under custody it was concluded that an increase by one in the number of members under custody of respondents, the probability of achievement of family head in reaching economic prosperity is decreased by 20%.

The results also show that the effects of factors, ownership of an automobile ($P<0.01$), ownership of a telephone line, type of household costs and miscellaneous income sources of respondents ($P < 0.05$) on their economic prosperity were statistically significant and such regression coefficients as - 1.306, - 1.038, 0.341 and - 0.636 were estimated for the aforesaid factors. The percentages of the probabilities estimated for the

Table 1. The results of regression analysis.

Factor	B	S.E.	Wald	Sig.	EXP(B)
Age	0.042	0.018	5.747	0.017	1.043
Number of household members	-0.218	0.098	4.898	0.027	0.804
Automobile	-1.306	0.347	14.140	0.000	0.271
Telephone	-1.038	0.430	5.818	0.016	0.354
Expenses	.341	0.163	4.392	0.036	1.406
Miscellaneous income sources	-0.626	0.302	4.296	0.038	0.535
Congruency of family members for fulfillment of economic plans	0.629	0.204	9.498	0.002	1.875
Access of family to financial sources in cash	0.986	0.185	28.361	0.000	2.681
High commercial and financial morals	- 0.745	0.353	4.456	0.035	0.475
Economic facilities	-0.724	0.285	6.438	0.011	0.485
Positive attitude to earning wealth	1.728	0.380	20.672	0.000	5.630
Proper occupational ethics	1.364	0.461	8.746	0.003	3.912

aforesaid factors suggest that lack of ownership of automobile and telephone line by a family head in translated into a reduction in economic prosperity of family head by 73 and 65%, respectively. Thus whatever the kind of common costs of a household is shifted from food costs to non food costs and so, miscellaneous costs, the more will be the probability of economic prosperity in the way that a shift by one degree in kind of common household costs shall be translated into an increase in probability of economic prosperity by 40%.

Lack of existence of miscellaneous sources of revenue for the respondents brought a reduction by about 46.5% to their probability of economic achievement. Factors such as congruency of family members for the fulfillment of economic plans, degree of access of the family to financial sources in cash (financial capability) (P < 0.01) and high commercial and financial morals of family head (P < 0.05) had statistically significant relations with economic prosperity while their regression coefficients were estimated to be 0.629, 0.986 and - 0.745, respectively. The proportions (percentages) of the probabilities estimated for such factors as congruency of family members for the fulfillment of economic plans and access of family to financial sources in cash (financial capability) indicated that an increase in congruency family members for the fulfillment of economic plans and also a access of family to financial sources in cash and in kind (by one degree in Lickert's scale) the probability of economic prosperity by 1.875 and 2.681, respectively. Lack of existence on high commercial and financial morals shall be translated into a reduction in probability of economic prosperity by 52.5%.

The results from the analysis of the factors concerning financial credits in this study indicated that there is a statistically significant relation between the source of financial credits and the probability of the rural family head becoming prosperous economically. It was reported that 64.5% of the respondents believed it was economically sound to receive financial facilities from banks and 35.5% of respondents considered that it was more economic to receive financial facilities from credit organizations.

It was concluded based on the regression coefficient - 0.72 and percentage of probabilities estimated that probability of economic prosperity of the family heads receiving financial facilities needed from financial and credit organizational was smaller by 51.5% than those receiving the financial credit from banks. The major reason behind this difference was greater economically or lower rate of the interest collected by bank on the financial credits they provided.

Among cultural factors, positive attitude of respondents toward earning wealth and proper occupational ethics with regression coefficients 1.728 and 1.364, respectively and also the percentages of probabilities estimated indicated that positive attitude of respondents toward earning wealth and also proper occupational ethics could multiply economic prosperity by 5.630 and 3.912, respectively.

The results of Chi-square test suggested that there was a statistically significant relation between the other significant factors of logistic regression and response variable, except for age, number of persons under custody, and miscellaneous revenue sources. Hence, it can be said that statistical relation between the aforesaid three factors from one hand and response variable from the other hand was eliminated with the exclusion of the other factors from the statistical equation. While other factors have maintained their statistical relations with response variable in both tests and this is indicative of the importance of these factors in the achievement of economic prosperity. Table 2 gives the results of Chi-square test for an assessment of statistical investigation between the aforesaid factors and response variable in

Table 2. The results of Chi- square test for the assessment of statistical relation between response variable and independent variables of the study.

Factor	Value	Asymp. Sig (2-sided)
Age	77.194[a]	0.143
Numbers of household members	133.353[a]	0.421
Automobile	51.555[a]	0.000
Telephone	8.056[a]	0.005
Expenses	38.253[a]	0.000
Miscellaneous income sources	4.416[a]	0.110
Congruency of family members for fulfillment of economic plans	70.070[a]	0.000
Access of family to financial sources in cash (financial capability)	183.189[a]	0.000
High commercial and financial morals	11.127[a]	0.001
Economic facilities	18.442[a]	0.000
Positive attitude to earning wealth	61.246[a]	0.000
Proper occupational ethics	20.437[a]	0.000

this study.

DISCUSSION AND CONCLUSIONS

Many studies have been made on the promotion and improvement of income earning potential of rural families and they have each considered some factors affecting the economic prosperity depending on different circumstances.

The results of the study show that access to credit would help the promotion of self employment. Some studies have taken the factor of access to micro financial credits as a means of promotion of self-employment opportunities and reduction of poverty in rural communities (Shastri, 2009). Others have considered age, working experience and size of economic firm as prominent factors of promotion of profit-making capability, while age, working experience, educational background and initial capital also had a significant role in the size of an economic firm (Oluwasola, 2010).

It was also reported that increasing income would affect the development of entrepreneurship and eventually improve rural development. The results of study is in accordance with findings of research by Soddo (2008) in which increasing income of poor rural families influenced the development of entrepreneurship and trade skills of rural families and sustainable income earning in a village depends on the existence of social firms (Ellis, 2000).

The results of regression analysis show that 50% of changes in the economic prosperity of rural households in this province are explained by personal and economic policies. So it is important that government should follow proper financial and economic policies in the South Khorasan Province, which is among the most deprived and economically the weakest provinces in Iran.

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