

ANALYSIS OF INHIBITING FACTORS OF THE TENDENCY OF RURAL YOUTH TO SELF-EMPLOYMENT IN RURAL AREAS OF IRAN- CASE STUDY OF SARAVAN

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Abstract

The employment of the youth is among the most critical problems in macroeconomic planning and a serious concern for politicians. This research aims to determine the factors underpinning self-employment barriers of the youth in rural areas of Saravan. For this purpose, data on 200 rural youths were collected by using a self-made questionnaire and were subjected to exploratory factor analysis. Based on the findings, the main impediments of self-employment among the rural youth in the study site included economic-educational, infrastructural, personality, and support factors whereas economic-educational and infrastructural factors were the most significant factors.

Key words: barriers, self-employment, exploratory factor analysis, Saravan

INTRODUCTION

The role of employment as an important factor in the dynamics of human life is undeniable, and there is no doubt that young people play an important role in this regard [1, 2]. The youth constitute an important part of the workforce in urban and rural communities [3, 29]. Also, they are considered the most important capacities to advance the development goals of the countries [24, 3]. Youth employment is a global challenge and one of the most important political concerns given the facts that there is presently over 64 million unemployed youth around the world and that 145 million young workers live in poverty. In society, many of the youth will become successful workforce, but a few will face serious problems and some will not be able to reach their goals [15, 21, 28]. Individual characteristics such as age, gender, ethnicity, and parental status are all effective in youth employment and should be included in the analysis of youth employment [8, 28]. There is also a direct relationship between the characteristics of the youth in an area and employment [12, 16, 8].

In areas that are struggling with more deprivation and risks, there is more despair about youth employment [31, 8]. Saravan is no exception to this rule. The low level of human and social capital aggravates the lack of employment and makes many jobs unattainable in the labor market [11, 6]. In this situation, self-employment is capable of reducing poverty and social exclusion [11]. The labor market has mainly been characterized by an increase in the number of self-employed workers in recent years [20, 5, 9, 7, 10]. In many countries, creating suitable conditions for people's self-employment is an important policy goal that brings about entrepreneurial benefits and its ultimate goal is to increase people's welfare [14]. Due to the important role of self-employment in the economic development of countries, it has received more attention from economists. From a macroeconomic perspective, the unemployment rate increases, wages decrease, and welfare subsequently decreases during economic recessions, so self-employment is the best solution to avoid the consequences of unemployment [19].

Many studies have been conducted on employment, but few have examined the barriers to youth employment. In the research about entrepreneurship obstacles in rural areas of Marvdasht, Panahi et al (2015) concluded that two groups of factors played crucial roles in entrepreneurship development in these areas. One was related to the internal factors in the village, such as entrepreneurs' lack of management skills, weaknesses in providing effective technical and vocational training, ambiguous investment priorities, the lack of technical infrastructure in the village, etc., and the second was related to the factors pertaining to the functioning of the economic system (inflation, recession, etc.) which had created many problems for entrepreneurship development [26]. Samian and Movahedi (2017) focused on employment barriers in small rural businesses and showed that the most important barriers to employment development included infrastructure and executive factors, policy and legal factors, and technical and individual factors [27].

Kovyazina et al. (2017) investigated disability as a psychological barrier to employment in Russia. In Russia, there was a misconception regarding the physical disability of people as a psychological barrier for employers [17]. Ax et al. (2020) reported that gender discrimination was the most important obstacle to women's employment [4]. Forsyth et al. (2019) showed that individual resilience as a strong coping mechanism improved employment [13]. According to Mugumbate and Gray (2017), gender affects employment not only directly but also through interaction with other demographic variables [22]. Nolan and Barrett (2018) addressed the potential role of employment as a macroeconomic variable in the economic growth and development of countries as well as the welfare of society and tried to identify the limitations and obstacles affecting the employment of young people in society [23].

The purpose of the present study was to investigate the factors affecting rural youth self-employment in Saravan.

MATERIALS AND METHODS

Exploratory Factor Analysis (EFA)

EFA is a multivariate interdependence statistical method that is mainly used to define the underlying factors (structures) among a relatively large number of observed variables (items) [30]. (Shankar et al., 2019). This technique can be used to identify data structures in questionnaires, simplify data if necessary, and simplify questionnaire variables to a smaller number of extracted dimensions [19]. In this paper, the EFA method was used to extract the effective factors of the rural youth's self-employment barriers in Saravan.

The factor analysis is a six-step process that is displayed in Figure 1.

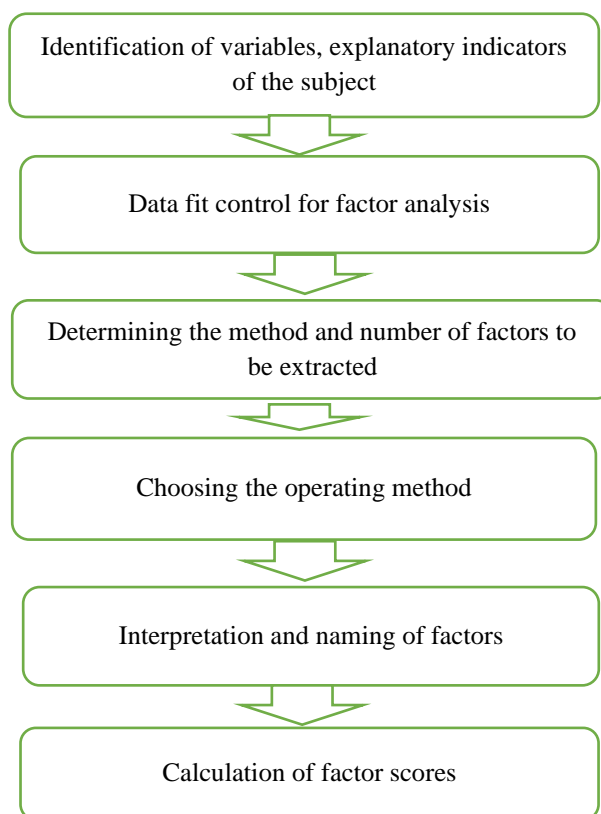


Fig. 1. The process of exploratory factor analysis (EFA)

Source: Adapted after Zebardast (2016) [32].

Kaiser-Meyer-Olkin (KMO) and Bartlett's Test

For factor analysis to be valid, the KMO and Bartlett's tests must be performed to ensure that the primary variables are strongly correlated. Specifically, the KMO test mainly determines whether the values are sufficiently distributed in the factor analysis measurement sample, so a minimum KMO coefficient of

0.8 is required [25, 19]. (Pallant, 2013; Lo et al., 2020). Bartlett's test checks whether the correlation matrix is an identity matrix, in which case EA will not be significant [19]. (Lo et al., 2020).

RESULTS AND DISCUSSIONS

The research studied 200 rural youths. Table 1 summarizes the results for the demographic characteristics of the studied community. The age range of the respondents was from 20 to 35 years. The age range of 20-25 years accounted for the largest percentage. Also, the majority of the participants (86%) were male and the remaining (14%) were female. The educational level of, most participants was at the bachelor's level. Most of them were also single.

Table 1. The demographic characteristics of the studied community

Demographic variable		Frequency	Percentage
Age (years)	Less than 20	11	5.5
	20-25	121	60.5
	25-30	51	25.5
	30-35	17	8.5
Gender	Male	172	86.0
	Female	28	14.0
Education	Diploma	45	22.5
	College	30	15.0
	Bachelor	115	57.5
	Master degree	9	4.5
	PhD	1	0.5
Marital status	Single	119	59.5
	Married	81	40.5

Source: results of the research.

KMO and Bartlett's test

The impediments to self-employment of the rural youth in Saravan were identified using the factor analysis method in the SPSS software package. The numerical value of KMO and Bartlett's test were calculated to control data fitness. Table 2 summarizes the results of Bartlett's test and the numerical value of the KMO criterion, supporting the overall suitability of the samples for factor analysis. The significance level of Bartlett's test was 0.000, which rejected the null hypothesis about the independence of the variables in the correlation matrix from one

another at a significance level of 5%. As such, the implementation of factor analysis was confirmed. Also, the KMO criterion had a numerical value of 0.917, reflecting data suitability for factor analysis.

Table 2. Bartlett's test and the numerical value of KMO

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.917
Bartlett's Test of Sphericity Approx. Chi-Square	1,827.881
Df	171
Sig.	0.000

Source: results of the research.

Determining the method and number of factors

In the first run of the software, the extractable factors were figured out by principal component analysis, but the period of the factors was not asked for. Kaiser's criterion was first employed to determine the number of factors that should be extracted for the dataset in this analysis. Based on this criterion, only factors with eigenvalues of 1 or more were accepted as possible sources of variations in the data. Table 3 shows the extracted factors and their percentage changes. In this table, the first block contains three columns labeled Initial Eigenvalues corresponding to the eigenvalues of the correlation matrix. The eigenvalue is a value of the variance of the total test that is estimated by a specific factor, and the total variance for each test is equal to 100%. The eigenvalue for the first factor was equal to 7.689. Table 3 shows that the eigenvalues of four factors were greater than 1. Other special values for the following factors are also listed in the total column. The second column, labeled variance %, is the percentage of the variance of that factor from the total variance, which is obtained by dividing the eigenvalue of that factor by the number of tests.

The four components that had eigenvalues greater than 1 accounted for only 63.37% of the total variance (cumulative % column), which was small for four components. Therefore, these factors collectively represented 63.37% of the variance in the data in the present research. The second block contains three columns labeled Extraction

Sums of Squared Loadings, which are the sum of the coefficients of the factors that were not rotated.

Table 3. The factors extracted and the percentage of their variations

Component	Initial Eigenvalues			Extraction Sum of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	Of Variance %	Cumulative	Total	Of Variance %	Cumulative	Total	Of Variance %	Cumulative
1	7.689	40.469	40.469	7.689	40.469	40.469	4.125	21.711	21.711
2	2.145	11.289	51.758	2.145	11.289	51.758	3.197	16.826	38.537
3	1.248	6.567	58.325	1.248	6.567	58.325	2.531	13.322	51.860
4	0.958	5.044	63.325	0.958	5.044	63.325	2.187	11.509	63.369
5	0.781	4.113	67.482						
6	0.749	3.945	71.426						
7	0.652	3.431	74.857						
8	0.569	2.993	77.850						
9	0.563	2.963	80.813						
10	0.490	2.577	83.390						
11	0.484	2.550	85.939						
12	0.436	2.296	88.235						
13	0.423	2.226	90.461						
14	0.400	2.107	92.568						
15	0.333	1.751	94.319						
16	0.311	1.638	95.957						
17	0.280	1.472	97.429						
18	0.256	1.348	98.777						
19	0.232	1.223	100.000						

Source: result of the research.

The third block contains three columns labeled Rotation Sums of Squared Loadings and is related to solving the rotated factor and distributing the variance among the uniform factors. The first factor captured a larger share of the variance.

Selection of the factor rotation method

To determine the type of rotation of the factors (orthogonal or diagonal), factor analysis with diagonal rotation was first performed by using the direct oblimin method, and the matrix of correlation coefficients between the factors was extracted. The results of this matrix showed that there was no reason for the factors to be correlated and the rotation of the factors should be orthogonal. After factor analysis was conducted, four factors were extracted and their relationship with 19 indicators of self-employment obstacles of rural youth was determined (Table 4). The output shows the rotated matrix of components, which includes the factor loadings of each of the variables in the remaining four factors after rotation. The higher the value of these coefficients, the

greater the role of the corresponding factor in the total changes of the desired variable.

Table 4. Age factors and their factor loadings

Component	Component			
	1	2	3	4
X1		0.657		
X2		0.793		
X3		0.734		
X4		0.733		
X5	0.600			
X6		0.584		
X7			0.560	
X8			0.712	
X9			0.800	
X10			0.719	
X11			0.626	
X12	0.588			
X13	0.720			
X14	0.771			
X15	0.695			
X16				0.560
X17				0.601
X18				0.713
X19	0.613			

Source: results of the research.

Interpretation and naming of factors

According to the relationship of the extracted factors with the indicators of rural youth self-employment barriers in Table 4, the extracted factors were named according to the

characteristics of the indicators and research literature based on Table 4.

Table 5. The extracted factors, factor loadings, and their names

Factor name	factor loading	Indicator
Economic-educational	0.600	Lack of entrepreneurship education
	0.588	Inability to provide collateral for the loan
	0.720	The complexity of financial aid
	0.771	Inability to provide initial capital
	0.695	Lack of financial aid
Infrastructural	0.613	Absence of technical training centers
	0.657	Lack of physical infrastructure
	0.793	Insecurity of capital in the village
	0.734	Lack of specialized support centers
	0.733	Lack of access to technology
Personality	0.584	Lack of entrepreneurial consulting centers
	0.560	Lack of self-employment skills
	0.712	Lack of experience
	0.800	Low self-confidence
	0.719	Low level of cooperative culture
Support	0.626	Lack of experience in starting an economic activity
	0.560	Lack of support for creative youth's projects
	0.601	Government's inattention to rural entrepreneurship
	0.713	Complexity of self-employment laws

Source: results of the research.

Based on the results of data analysis, it was observed that there were four factors including economic-educational, infrastructural, personality, and support factors that hindered the self-employment of rural youth in this county. The economic-educational and infrastructural factors were the most important.

Saravan is one of the deprived counties of the big province of Sistan and Baluchistan. This county does not have the potential to attract capital from other counties of the province since it is a dead end and is located on the borderline. The main source of income for the people of this county is activities related to the border. Due to long droughts, agriculture is not very prosperous in this region. Due to the lack of required infrastructure, the industry has no place in the employment of the people. The results obtained from this research showed that effective educational centers play a significant role in preparing young people to create self-employment. However, young people in this region are unfortunately

deprived of such training in the field of entrepreneurship.

A basic problem in the rural areas of Saravan is widespread poverty. Poverty is an obstacle to providing capital to start economic activities. Therefore, providing initial capital for the general youth is a fundamental problem for the youth. In addition, most villagers have either no job or a job related to traditional farming, so they can hardly provide collateral for taking loans from banks. So, one of the most important obstacles to self-employment, according to the respondents, is the inability to provide collateral for a loan. A major problem in the county is the complexity of bureaucracy for granting loans, even small loans, which has reduced people's willingness to receive loans. This problem is more important in the Saravan region due to the widespread belief that bank loans are haram as was mentioned by the respondents as one of the main obstacles. One of the most important problems of Saravan is, in general, the lack of industrial infrastructure, which is a double problem in the rural areas of this region, and this will hinder the start of any economic activity. Due to the dispersion of population in this area and the low population of villages in this region, investment is facing high risk. This is why the lack of investment security was stated as one of the main obstacles to self-employment in this region. One of the fundamental problems in the county is the lack of specialized centers to support entrepreneurial ideas of rural youth due to its remoteness. If the young people in the rural areas of this county can start an economic activity, they may face major problems at the very beginning of their activity due to the lack of experience, and this will prevent their development or cause the closure of their economic activity.

CONCLUSIONS

Entrepreneurship especially in rural areas should be considered as a multifaceted phenomenon, which is determined by social, economic and cultural factors. In the social sphere, it is considered through the individual characteristics of a person (talent, intelligence,

the ability to learn and use acquired knowledge, to make risky decisions), in the economic and cultural sphere, it is perceived through the quality of labor resources and the organizational culture of the enterprise (creativity, innovation, market orientation, making a profit, behavior, rules of ethics and etiquette) [32].

The research derived the factors affecting the self-employment of young people by using EFA. The extracted barriers to the self-employment of the rural youth were divided into economic-educational, infrastructural, personality, and support factors among which the economic-educational and infrastructural factors were the most important. Therefore, the rural youth can be motivated to engage in self-employment by providing them with financial support as it would provide initial capital to create jobs. Also, suitable infrastructure for the market, including proper access to information technology, specialized centers for entrepreneurship training, and investment security in villages should be provided.

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