



## Factor Analysis of Entrepreneurship Development among Rural Women

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**ABSTRACT:** The purpose of this research was identifying affecting factors on entrepreneurship development among rural women in Dehloran Township, Iran. The research method was descriptive and correlative. Rural women of Dehloran Township considered as statistical population. The sample size was 120 people. The main tool of research was a questionnaire. All data processing and statistical analysis was performed using the software SPSS 21. Based on the results of factor analysis the factors were categorized into six main components, which have been named economical and structural factor, psychological and managerial factor, cultural factor, skill factor, supportive factor and investment factor. The obtained results from the factor analysis revealed that the six mentioned factors explained 73.34% of the variation of affecting factors on development of entrepreneurship among rural women.

**Keywords:** Development of Entrepreneurship, Factor Analysis, Dehloran Township

### INTRODUCTION

In recent years the entrepreneurship has gained wide popularity on the whole globe. The rate of becoming entrepreneurs in women is more compared to men (Renzulli *et al.*, 2000). Wan *et al.*, (2011) revealed that rural entrepreneurship is one of the foundations of rural economic development. Rural entrepreneurship generally can be defined as creation of a new organization that introduces a new product, serves or creates a new market, or utilizes a new technology in a rural environment. Entrepreneurship in rural areas include widening the base of a farm business to include all the non-agricultural uses that available resources can be put to or through any major changes in land use or level of production other than those related solely to agriculture. Women entrepreneurs may be defined as a women or a group of women who initiate, organize and run a business enterprise. Women owned business are highly increasing (Mehta and Mehta, 2011). Rural women's entrepreneurship can contribute to economic growth in developing countries and clearly represents an untapped potential. For many rural women, entrepreneurship is part of a broader livelihood strategy, often undertaken on a part-time basis, and where it is difficult to separate production and reproduction tasks, as well as market and non market work. With few employment choices, women often start businesses in highly saturated sectors, in the informal economy and in low-productivity and low return activities, where they benefit from little or no social protection (FAO, 2010). Sidhu and Kaur (2006) revealed that entrepreneurship is the only solution for the growing employment among rural youth.

It helps to generate employment for number of people within their own social system. This is more beneficial for women in rural areas as it enable them to add to the family income while taking care of their farm, home and livestock centered tasks. Rural women possess abundant resources to take up an enterprise. Hence she can effectively undertake both production and processing oriented enterprises. But to be a successful entrepreneur, women should process certain fundamental qualities beside the support of the family and government organizations.

Kuratko and Richard (2001) in their book on entrepreneurship stated that it is the dynamic process of creating incremental wealth. This wealth is created by individuals who take the major risks in terms of equity, time and career commitment of providing value to some product or services the product or service itself may or may not be new or unique but value must somehow be infused by the entrepreneur by securing and allocating the necessary skill and resources. In other words it is the application of energy for initiating and building an enterprise. According to Khanka (2000), a women entrepreneur is a confident, innovative and creative woman capable of achieving economic independence individually or in collaboration generates employment opportunities for others through initiating establishing and running an enterprise by keeping pace with her personal, family and social life. His contribution is to highlight how women successfully become entrepreneurs by managing their personal and professional life and how family support plays role in there empowerment.

According to multiple studies, the development of entrepreneurship and employment is great importance among the rural women. But various studies in the world have shown that there are specific problems and barriers before the entrepreneurship create among women. According to the studies Chambers (1997) in U.S., the women's biggest problem in work start-up, funding, and perseverance is related to a lack of experience in the financial planning. According to this study, other barriers to the entrepreneurship include a lack of professional skills, funding, inexperience in financial planning, lack of guidance and advice, lack of skills, poor lateral situations, and confluence of company's affairs and personal problems. According to a study of Mir et al (2009) 34 percent of women have problems in attracting investment and financial management.

Empowering women particularly rural women is a challenge. Micro enterprises in rural area can help to meet these challenges. Micro - enterprises not only enhance national productivity, generate employment but also help to develop economic independence, personal and social capabilities among rural women. Following are some of the personal and social capabilities, which were developed as result of taking up enterprise among rural women:

- (i) Economic empowerment
- (ii) Improved standard of living
- (iii) Self confidence
- (iv) Enhance awareness
- (v) Sense of achievement
- (vi) Increased social interaction
- (vii) Engaged in political activities
- (viii) Increased participation level in meeting
- (ix) Improvement in leadership qualities
- (x) Involvement in solving problems related to women and community
- (xi) Decision making capacity in family and community

Economic empowerment of women by micro entrepreneurship led to the empowerment of women in many things such as socio-economic opportunity, property rights, political representation, social equality, personal right, family development, market development, community development and at last the nation development (Sathiabama, 2010).

## MATERIAL AND METHOD

This is an applied study and the research method was descriptive correlative. Rural women of Dehloran Township considered as statistical population. The sample size was 120. After designing and validating the questionnaire, the questionnaire was pre-tested among 30 people and Cronbach alpha 0.85 was determined.

The main tool was a questionnaire. There were two sets of independent and dependent variables in this study. In this study, after the collection and classification of data, data analysis and according to the type of research in two stages using descriptive statistics and inferential statistics were taken. To ensure 150 questionnaires were distributed. The return rate was 90.66% (n=136). All data processing and statistical analysis was performed using the software SPSS 21. For analysis data, correlative coefficients and factor analysis were used.

## RESULTS

### A. Demographic profile

Table 1 shows the demographic profile and descriptive statistics. The results of descriptive statistics indicated that the majority of farmers were men; the majorities of farmers were 30-35 years old (51.5%) and had BSc degree status (32.4%). Also the majority of them had income between 2.5 to 5 million rials in month (68.4%). The mean of income was 3.36 million rials in month.

### B. Tendency of rural women to development of entrepreneurship

Based on the number of items (n = 17), and minimum and maximum acquisition score (min = 1, max = 5), range perception scores between 17 and 85 will vary. This range was divided into 5 categories. People who score was 17 to 30.6 in very disagree group, who had scored 30.6 to 44.2 in the group disagree, people who had 44.2 to 57.8 were in the group unsure, who had a score of 57.8 to 71.4 in the group agree, and those who score 71.4 to 80 were in the group very agree. Table 2 shows the attitude values of the rural women. Based on the results majorities of women had high attitude to development of entrepreneurship (47.1%).

### C. Factor analysis of items affecting entrepreneurship development

To categorize factors affecting development of entrepreneurship in rural women, and to determine the variance explained by each factor, an exploratory factor analysis approach was followed. Data revealed that internal coherence of the data was appropriate (KMO =0.642), while and the Bartlett's statistic was significant at the 0.01 level (4575.4). The four commonly used decision rules were applied to identify the factors (Hair et al, 2005): 1) minimum eigenvalue of 1; 2) minimum factor loading of 0.5 for each indicator item; 3) simplicity of factor structure; and 4) exclusion of single item factors. According to Kaiser Criteria, there were six factors that their extracted eigenvalues were greater than one. Later, the items were categorized into six factors by using VARIMAX Rotation Method (Table 3).

**Table 1. Demographic Characteristics of Rural Women.**

Age	<i>f</i>	%	
19-25	9	6.6	Mean=30.8
25-30	50	36.8	SD=6.6
30-35	70	51.5	Min=19
35-42	7	5.1	Max=42
Total	136	100	
<b>Level of Education (year)</b>			
elementary	13	9.5	
Under Diploma	40	29.4	
Diploma	9	6.7	
Associate Degree	24	17.6	
BSc	44	32.4	
MSc and upper	6	4.4	
Total	136	100	
<b>Income (Million Rials)</b>			
2.5-5	93	68.4	Mean=3.36
5-10	39	28.7	Min=2.5
10-19	4	2.9	Max=19
Total			

**Table 2. Frequency of rural women based on their tendency about development of entrepreneurship.**

Groups	<i>f</i>	%	Cumulative %
Very Agree	4	2.9	2.9
Agree	13	9.6	12.5
Unsure	40	29.4	41.9
Disagree	64	47.1	89
Very Disagree	15	11	100
Total	136	100	

**Table 3. Percent of explained variance by factors underling development of entrepreneurship.**

Factors	Eigenvalues	Percent	Cum percent
Factor 1	14.384	47.94	47.94
Factor 2	2.074	6.91	54.85
Factor 3	1.774	5.91	60.76
Factor 4	1.344	4.48	65.24
Factor 5	1.301	4.33	69.57
Factor 6	1.127	3.75	73.32

Based on the results of factor analysis the factors were categorized into six main components, which have been named economical and structural factor, psychological and managerial factor, cultural factor, skill factor, supportive factor and investment factor (Table 4). The obtained results from the factor analysis revealed that the six mentioned factors explained 73.34% of the variation of affecting factors on development of

entrepreneurship. The first group which is labeled economical and structural factor, had the most Eigen value (14.384). Also, this factor explained 47.94% of the total variances of the variables. The second group, labeled psychological and managerial factor, is comprised of six items. This factor with Eigen value 2.23 explained 6.91% of the total variances of the variables (Table 3).

**Table 4. Rotated component matrix for the affecting factors on development of entrepreneurship by rural women.**

Factors	Component	Factor Loadings for Components
economical and structural factor	There should be coordination between the agencies concerned with rural women entrepreneurship	0.84
	Reduce taxes and duties for the entrepreneurs	0.82
	Funds for the development of new businesses	0.79
	Willing to invest in research and business development	0.73
	Facilitate loans to rural women	0.69
	Familiarity with appropriate methods Of advertising for sale	0.63
	Ability to perform administrative correspondence needed to obtain loans, sales, marketing and...	0.61
	Ability to communicate with other rural women entrepreneurs	0.55
psychological and managerial factor	Women tend to do new ideas	0.77
	Ability to tolerate stressful conditions	0.69
	The ability of innovation and marketing techniques	0.62
	Quality Products	0.59
	Use appropriate packaging products related to entrepreneurial businesses	0.54
	Exhibitions related to entrepreneurial businesses for rural women	0.51
Cultural factor	Freedom of rural women, to choose the type of activity	0.92
	Confidence of the people and government to rural women for setting up businesses	0.83
	Encourage and support women entrepreneurs from families	0.78
	Confidence of rural women, for entrepreneurial activity	0.61
Legal and skill factor	No government intervention in all economic	0.88
	No government intervention in the pricing of the products of rural women	0.84
	Ability to work in difficult conditions	0.82
	Having the ability to produce new goods and services	0.79
	Diversification of products by rural women entrepreneurs	0.77
	The ability to do accounting by rural women entrepreneurs	0.69
Supportive factor	Social security for investment in entrepreneurial businesses by women	0.64
	Top entrepreneurs encouraged by the government	0.57
	political and economic relations with other countries	0.55
Investment factor	Rural women's freedom of choice for investment opportunities	0.66

## CONCLUSION

Based on the results of factor analysis the factors were categorized into six main components, which have been named economical and structural factor, psychological and managerial factor, cultural factor, skill factor, supportive factor and investment factor. The obtained results from the factor analysis revealed that the six mentioned factors explained 73.34% of the variation of affecting factors on development of entrepreneurship. Thus, the policy makers must be considering the items of these factors.

### A. Economical and structural factor

- 1) There should be coordination between the agencies concerned with rural women entrepreneurship.
- 2) Reduce taxes and duties for the entrepreneurs.
- 3) Funds for the development of new businesses
- 4) Willing to invest in research and business development
- 5) Facilitate loans to rural women
- 6) Familiarity with appropriate methods
- 7) Of advertising for sale
- 8) Ability to perform administrative correspondence needed to obtain loans, sales, marketing and...

9) Ability to communicate with other rural women entrepreneurs

*B. Psychological and managerial factor*

- 1) Women tend to do new ideas
- 2) Ability to tolerate stressful conditions
- 3) The ability of innovation and marketing techniques
- 4) Quality Products
- 5) Use appropriate packaging products related to entrepreneurial businesses
- 6) Exhibitions related to entrepreneurial businesses for rural women

*C. Cultural factor*

- 1) Freedom of rural women, to choose the type of activity
- 2) Confidence of the people and government to rural women for setting up businesses
- 3) Encourage and support women entrepreneurs from families
- 4) Confidence of rural women, for entrepreneurial activity
- 5) No government intervention in all economic
- 6) No government intervention in the pricing of the products of rural women

*D. Legal and skill factor*

- 1) Ability to work in difficult conditions
- 2) Having the ability to produce new goods and services
- 3) Diversification of products by rural women entrepreneurs
- 4) The ability to do accounting by rural women entrepreneurs

*E. Supportive factor*

- 1) Social security for investment in entrepreneurial businesses by women
- 2) Top entrepreneurs encouraged by the government
- 3) Political and economic relations with other countries

*F. Investment factor*

- 1) Rural women's freedom of choice for investment opportunities

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