THE ROLE OF ENTREPRENEURSHIP IN AGRICULTURAL DEVELOPMENT

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ABSTRACT

The 21st century has been introduced as a century of knowledge. In this age, the main capital of societies is their knowledge, skills and human resource attitude. Entrepreneurial capabilities are needed in order for this capital to serve the community. Entrepreneurship has been recognized as an important factor in order to create evolution toward known sustainable products and processes. Studies show that one of the strategies for economic development is creating employment and its most important mechanism and tool is entrepreneurship. Today, the role of entrepreneurship as the engine of economic development has been widely recognized by policymakers in many countries, including Iran. Therefore, investing in entrepreneurship capabilities of human resources has a special status. Entrepreneurship is closely linked to economic and social development of countries and is considered as one of the indicators of development in developing countries. The promotion of entrepreneurship in agriculture sector is one of the most suitable options for boosting agricultural businesses and increasing value added resulted from agricultural product exports and especially an essential strategy for replacing agricultural income instead of oil income. Entrepreneurship reduces unemployment, increases people’s efficiency, resources and ultimately, increases community people’s income.

Keywords: Agriculture, Entrepreneurship, Economic Development, Human Resources, Employment

INTRODUCTION

Agriculture is a fundamental sector in rural and country economy and the basis for its growth and development. The growth and development of the agricultural sector provide the required conditions for growth and development of other sectors without which the needed factors and inputs for activities of other economic sectors will not be provided (Rokneddin Eftekhari et al., 2004). The agricultural sector, especially in developing countries, must act as a growth engine for sustainable rural development. Success of rural and agricultural development programs largely depends on empowerment of millions of rural families, meaning those who must, benefiting from required facilities and supports move the wheel of agricultural and rural economy dynamically. Sustainable development of agricultural sector is considered a key area or in fact, one of the forefronts and in national policy making, appropriate strategies and solutions for sustainable agricultural development must be incorporated. As the agricultural sector is closely linked to other economic sectors of society, thus, agricultural sector growth can be considered a stimulating factor for the growth of the national economy at macro level. Evidence suggests that agricultural sector development can play an important role in improving nutrition through enhancing the quality and quantity of food products, employment creation, income generation, and the possibility of saving and capital formation for poor groups (Kazemi, 2002).
Today, the agricultural sector has faced issues such as market competitiveness, commercial liberalization, reduced state control of economic activities, privatization, decentralization and internationally competitive agriculture. If we add the increase in unemployment rate in agricultural sector to the above conditions, it can be concluded that the country’s agricultural sector needs serious revision and reform. In this regard, studies show that today, the role of entrepreneurship in the economic and social development is evident for everyone. Therefore, it seems that paying attention to the entrepreneurship development in the agricultural sector can solve many of the problems in this sector (Clagger and Aghayee, 2014).

**RESEARCH METHOD**

The present study has been conducted using two scientific methods of reviewing and researching.

**RESULTS**

Various studies have shown that one of the important strategies for economic development, whether in cities or in villages, is employment creation, and the most important mechanism and tool for it is entrepreneurship. Start-up or what has become popular as Karafarini in Farsi (entrepreneurship) is a long-standing approach that has entered the new world of science in a new and fresh form and has been considered one of the mechanisms of development. Innovation, creativity, risk-taking, and creation of new jobs have existed since the distant past, and in recent decades have found a scientific form and have been called as entrepreneurship (Alvani, 2016).

Entrepreneurship is a process that plays a vital role in continuance, growth and development of national and even global economies. Therefore, it is necessary to create the appropriate ground and atmosphere in order for rational support including material, spiritual, cultural, research and scientific support of entrepreneurship and entrepreneurs in our country. The importance of entrepreneurship issue is to the extent that economists consider entrepreneurs as the engine of economic growth and development, and scholars consider their management as one of the most important factors in the evolution of society (Malek Mohammadi, 2007).

**The concept of entrepreneurship and entrepreneur:** Today, entrepreneurship is a common word for many people, and a topic with a prominent status on the agenda of researchers in a variety of fields and disciplines including economy, sociology, political sciences and psychology since the early 5660s. Entrepreneurship is a topic that has attracted a great deal of attention in people from all classes of the community including various life styles and jobs including researchers, educators, and policymakers (Mokaya et al., 1995). The word entrepreneurship has existed in the management and economy literature for more than two centuries and, like other words, has undergone many changes and has evolved. But there is still no general consensus on entrepreneurship at international levels. However, the common misconception of the word entrepreneurship is that the entrepreneur is someone who creates jobs, but it is not true.

In general, the word entrepreneurship comes from the French word *Entreprendre* meaning “to commit”. According to Webster Academic Dictionary, an entrepreneur is someone who
commits to organize, manage and undertake risks of an economic activity (Ahmadpoor Dariani and Moghimi, 2002).

Entrepreneurship is self-employment through ownership of a business that has significant elements of risk, control and reward (Coleman Foundation, 2014).

Entrepreneurship is the process of creating something new and accepting the risks and benefits resulted from it. In other words, entrepreneurship is the process of creating something new and valuable which is obtained by dedicating the required time and effort and taking into account the financial, psychological and social risks which results in the individual and financial satisfaction and independence. This definition has four essential dimensions:

1) Entrepreneurship requires the process of creation; creation of anything new and valuable. This creation must be of value to the entrepreneur and the audience for whom this creation has been made. 2) Entrepreneurship requires dedicating the needed time and effort. 3) Taking into account the inevitable risks is the pre-requrement of entrepreneurship. 4) In entrepreneurship, personal satisfaction is obtained from job independence. There are some common aspects in all definitions of entrepreneurship: risk taking, creativity, independence and reward (Feridonnejad, 2013).

Entrepreneurship is a dynamic process which is created and managed by an individual (entrepreneur) who make efforts to use economic innovation in order to create new value in the market (Vertanen, 2006).

An entrepreneur is a person who has an entrepreneurial mind with a strong need for success. These people have effective and extensive social relation networks and have high emotional intelligence. They have self-confidence and self-esteem, sense of the ability to change future, master one’s own destiny and a long-term vision, and accept short term failures to achieve long term victories (Mueller and Thomas, 2000).

An entrepreneur is someone who organizes and manages a type of business and endures risks in order to obtain profit. An entrepreneur evaluates perceived opportunities and tries to make decisions that will enable the company to realize sustainable growth (Abrahamsson, 2007).

An entrepreneur has a point of view different from others, and what is seen as ordinary by others is seen and figured in a different way by him/her. In general, we can say that entrepreneurship is a process in which the entrepreneur through new and creative ideas and identification of new opportunities through mobilizing resources creates new businesses and companies, and new innovative and growing organizations that have risks with themselves and results in the introduction and development of a new product or service to society (Rezvani and Najjarzadeh, 2008).

An entrepreneur is someone who explores opportunities and predicts demand and takes on the risk of its fluctuations. He is a creator of the production process, the organizing factor, and responsible for making decisions such as what should be produced? How much should be produced? And how should it be produced? (Samad Aghayee, 2003).

An entrepreneur is a self-employed individual who has good economic prediction ability, is willing to take risks and makes profit or loss in this way and thus, contributes to balance and sustainability of market economy (Saremi and Alizadeh Sani, 2009).

Entrepreneurs are those who have the ability to see and evaluate business opportunities, gather the necessary resources to obtain profit from them, and start an appropriate activity to obtain success. Perhaps the most common definition of an entrepreneur is the one who starts a business himself/herself. That is, the creation of an important business, leading to the
assumption that entrepreneurship is an art to start a personal business, any education about it will equip the person with the skills and abilities needed to do the job.

**Entrepreneurship historical course:**

Entrepreneurship is an objective and practical concept that has been created simultaneous with the onset of human life on earth and his quest for obtaining income and supply what he needs in life. However, proposing of this issue as a scientific concept is not so much old. The first author who recognized the role of entrepreneurship was Richard Cantillon (Hebert and Link, 2011).

In the year 5690, by dividing economic factors into three groups of landowners, wage-receiving economic agents, and those economic agents who take risks acting in the market, for the first time, he introduced the entrepreneurs as one of the significant factors in the development of economic activities. After him, Joseph Schumpeter, prominent economist in the early twentieth century, introduces entrepreneurship as the driving engine of economic growth and examined its various aspects. His studies on economic development and entrepreneurship have had a significant impact on the next researches such that he is known as the father of entrepreneurship science. Then, in the seventies and eighties, as a result of severe structural changes in the environment of economic activities, the main characteristic of which was uncertainty in recognizing the results and consequences of these changes, again, paying attention to the concepts of entrepreneurship and launching small businesses were welcomed by scientists of various scientific fields such as economy, psychology, sociology, and management. In fact, the formation and development of entrepreneurship science at this time is considered a systematic effort to explain, describe, and predict success in the establishment of organizations adapted to turbulent and unpredictable environmental conditions of recent decades (Saeedi Mehrabad and Mohtadi, 2008).

Generally, basic stages of evolution of the entrepreneurship concept are divided into five stages, including:

- **The first period:** The 51st and 57th centuries known as the period of “owners of big projects”. This period coincides with the era of power of landowners and feudal governments in Europe. During this period, an entrepreneur is someone who takes the responsibility of executing big projects and however, does not take any risks in this regard because the resources are generally provided by the local government and he/she only manages them. A prominent example of entrepreneurs in this period was the architect’s responsibility for building churches, castles, and military installations.

- **The second period:** The 56th century which was known as the period of “risk-taking”. In this period, simultaneous with the beginning of Industrial Revolution, a new dimension was added to entrepreneurship, namely, risk-taking. Entrepreneurs in this period were individuals such as businessmen, craftsmen, and other private owners.

- **The third period:** The 58th and 53rd centuries and the early twentieth century were known as the period of “distinction of entrepreneurs from other actors of economy”. In this period, firstly, entrepreneur was distinguished from provider of capital. It means that the one who takes risks is different from the one who provides the capital. Also, in this period, a distinction was made between the entrepreneur and business manager.
The fourth period: The mid-twentieth century became known as “innovation” era. The concept of innovation in this period became the main element of definition of entrepreneurship. Entrepreneurs start a new business while others, unlike them, make little changes in existing products. Adding this concept is due to the increased competition in product market and efforts to use innovation to create competitive advantage in existing businesses and their survival.

The fifth period: The contemporary period (since 5380 to the present) known as the period of “multidimensional approach”. In this period, simultaneous with the new wave of creation of small businesses and economic growth and recognition of entrepreneurship as an accelerator of this mechanism, much attention has been attracted to this field. Until this time, entrepreneurship was only considered from the viewpoint of economic researchers, but in this period, the attention of sociologists and psychologists was also attracted to this field. The focus of these researchers is mostly on recognizing characteristics of entrepreneurs and the reasons for an individual to move toward entrepreneurship (Salehi Amiri and Shah Hosseini, 2010).

**The benefits and advantages of entrepreneurship:** Entrepreneurship has many benefits and advantages. The most important of them are:

- Entrepreneurship stimulates and encourages investment.
- Entrepreneurship stimulates and encourages sense of competition.
- Entrepreneurship causes change and innovation.
- Entrepreneurship creates employment.
- Entrepreneurship improves quality of life.
- Entrepreneurship leads to proper distribution of income.

Given the mentioned benefits, today, all investments in the world are trying to identify and attract industrial thinkers because today’s world is the world of science and technology and the main value of production lies in the human brain (Salehi Amiri and Shah Hosseini, 2010).

One of the strategic measures for growth and development of entrepreneurship is teaching entrepreneurship, especially in higher education. In addition, teaching entrepreneurship can be one of the most effective ways to easily transfer the population of graduates to the labor market. Studies in this area have indicated that such training has been able to make people more accountable and turn them into entrepreneurs or entrepreneurial thinkers, and successfully has made them risk-taking and successful in business challenges, resulting in lower unemployment rates and business failures.

**Importance of teaching entrepreneurship:** Teaching entrepreneurship is a policy that directly affects the quantity and quality of entrepreneurship in a society. By implementing this policy, one can always achieve various goals such as identification of opportunities and how to exploit them, familiarity with new technology and technological knowledge, and how to use them in various sciences in society.

Studies by researchers have resulted in the prediction and designing of entrepreneurship training courses aimed to train high-confidence, opportunistic individuals who generally, are more inclined to run independent businesses.

Studies show that entrepreneurship is an issue that can be educated, reinforced, and nurtured. The first countries to do activities in the field of entrepreneurship education were Germany, Britain, the United States, and Japan. Today, teaching entrepreneurship has become one of the most important and extensive academic activities. During the 5933 decades, universities have
designed numerous training programs for public and private organizations, based on the sense of characteristics of the educating groups and local, regional and national needs. European governments have also provided special supports for activities that encourage entrepreneurship among young people (Ahmadpour Dariani, 2007).

One of the important issues raised about teaching entrepreneurship is that entrepreneurship can be taught. In the past, entrepreneurship was seen as a set of intrinsic traits of an individual that cannot be learned through education. But today, entrepreneurship is considered a knowledge, skill and behavioral skill that an individual has and can be acquired through formal education (Hytti and O Gorman, 2004).

The concept of entrepreneurship in agricultural sector: The word agricultural entrepreneurship, given the vital and important role of agricultural and rural development, has long been a subject of considerable interest in agricultural literature to the extent that some countries have established institutions responsible for development and practical use of entrepreneurship in agriculture (Movahedi and Yaghoubifarani, 2012). The definitions and concepts of entrepreneurship in different sectors of agriculture, industry and services are the same in terms of principles and foundations. Although entrepreneurship in agriculture is not different from entrepreneurship in urban areas or other economic sectors in terms of its nature and essence, but in fact, the required inputs in order for entrepreneurship development such as capital, management, education, technology, institutions and bodies, transportation infrastructures, market access, distribution network, and skilled workforce are found easier in cities and industrial areas and other economic sectors rather than in rural and agricultural areas. Agricultural entrepreneurship has a state specific to conditions, specific to farm and specific to product. The wider gap between rural and urban areas in developing countries and dominance of industry over agriculture and tendency of development strategies and policies toward industry, along with socio-economic characteristics of rural and agricultural societies has led agricultural entrepreneurship to grow less. In developing countries, farmer is the weakest production agent in the country. He lacks professional capabilities and supports needed by government and local and national organizations in order to act as a dynamic entrepreneur. Even though land is a rich resource in these countries and it has good potentials for entrepreneurship, but still farmers are poor and weak (Ya'qubi, 2003).

Changes in the market, globalization, population growth, transformations in the agricultural labor market, food security, market competitiveness, agricultural policies, moving toward market-based (and community-based) commercial agriculture, increased unemployment and underemployment, environmental issues, biodiversity, and natural resources are among the factors that show the need for entrepreneurship in agriculture more than ever. Due to the above changes, a structural transformation is needed in current modes of agricultural production and market-based agriculture in the framework of sustainable development will be the fundamental strategy for agricultural development. In this type of agriculture, the farmer must produce in a way that he will be able to sell his products in a competitive market which is based on customer demands. For this purpose, the farmer must be opportunistic and identify customer needs correctly and then design and execute the required strategy to meet these needs. In other words, today’s farmer must be an entrepreneur (Hosseini, 2005).

Since agriculture is the most important source of livelihood for poor villagers and in addition, plays an important role in the production and productive employment, in current conditions of
Iranian economy with prominent features such as unemployment, inactivity, and investment constraints, and the need for management of creating activities and investments, the importance of this mission is doubled as boosting agriculture and making changes in the agricultural products and natural resources will lead to non-agricultural employment creation, increased income and increased demand for local agriculture and non-agricultural products. As a result, agricultural entrepreneurs can, through proper recognition of opportunities and taking advantage of static capitals, provide facilities and through organizing and managing resources, put their ideas into practice. In this process, not only they will not remain unemployed themselves, but also they will create jobs for some others in non-governmental sector and without relying on government. Agricultural sector entrepreneurs, using the power they recognize in themselves in order for innovative resolving of problems, risk-taking, enduring problems, and so on, can, with the highest possible subtlety, elegance, and speed, transform the environmental threats and bottlenecks into opportunities, and in the difficult and complex conditions such as accelerated technology development, globalization and multinational economy, discover and make use of new opportunities that will lead to their own benefit and ultimately, elimination of bottlenecks of rural community (Hosseini, 2005).

On the other hand, the most important goal of agricultural entrepreneurship development can be considered to be modernization and restructuring of smallholder agriculture and creation of new farming environments in order to create and develop new jobs in rural areas (McElwee, 2005). Agricultural entrepreneurship has a role to play in diversifying production and getting rid of the state of production of raw materials in product supply cycle and moving toward production for specific markets, providing services to other farmers and rural workers, utilizing agricultural capacities of farms and livestock units to attract tourists and create employment (Warren, 2004).

Necessity to pay attention to agricultural entrepreneurship: In today's world, existence of various changes and evolutions such as globalization, market development, population growth and community development, unemployment and transformation in agricultural labor market, structural reforms and agricultural policies, globalization of trade, food security, environmental issues, and so on have affected agriculture sector in countries that dealing with these transformations requires promotion of entrepreneurial culture, thought, and actions in agriculture (Higgins and Morgan, 2000).

Agricultural entrepreneurship is one of the fields of entrepreneurship and means accepting the risks arising from creation of a production, service, or commercial unit related to activities of agricultural sector. Therefore, development and promotion of entrepreneurship in agriculture sector is one of the most suitable options for rural development that in order to be achieved, the following three prerequisites must be provided:

- Strengthening of free system in agricultural sector and definitive elimination of unnecessary government interventions in this sector
- Infrastructural investment in agricultural development needs
- Providing investment security and improving entrepreneurship conditions in agricultural sector (Barani and Zarafshani, 2009).
Obstacles to entrepreneurship development in agricultural sector: The issue that must be taken seriously about importance of entrepreneurship and its direct link to national excellence of a society is an issue that despite its importance in Iranian society, has unfortunately been neglected and has not received needed attention, and it is nothing but giving importance to the role of rural entrepreneurship and entrepreneurs residing in rural environments. If we consider rural areas as strategic axes of agriculture and food productions for the community that the need for it is increasing, we will understand its unparalleled role in development, growth and prosperity and will realize that ignoring the share of village and villagers will lead to unpleasant costs and consequences. What today exists in the society under the title of socio-economic problems and causes social disorders and anxieties in various forms, especially insecurity, behavioral abnormalities, social immoralities, bad tempers, and emergence of ominous phenomena such as excessive growth of migration, increased rate of marginalization
around metropolises and many other problems are examples of these consequences (Ghambar Ali and Zarafshani, 2008). Despite the benefits and advantages that entrepreneurial activities and entrepreneurship have in various production sectors as well as in the agricultural sector of the country, but there are some obstacles that can create friction in the development of entrepreneurial activities and to a large extent hinder prosperity of agricultural sector. Thus, barriers to entrepreneurship development in agricultural sector are named briefly below: Policy and planning barrier, economic barrier, support barrier, educational and informational barrier, infrastructure barrier, cultural barrier (Nasiri Qeydari, 2002).

**CONCLUSION**

The most important factor of development in any society is human factor, and in order to achieve sustainable and balanced development, training of specialized and efficient force required in different sections of society in educational institutions is a fundamental and essential principle. Agriculture is also considered one of the important manufacturing and economic sectors in development programs which has an important and significant role. The increasing need for food materials and limited production facilities necessitates agricultural development and use of new and more effective technologies, and this will be possible through acquiring knowledge and improving and strengthening skills and abilities of human resources in this sector. Also, attention to new concepts such as “entrepreneurship” in today’s world has led many countries to take effective steps to maximize their use of the existing material and human resources and transform their economy. Entrepreneurship is the process of presenting new ideas and taking advantage of the existing facilities and opportunities. It is a concept that has a lot of value added.

Given the role of agricultural sector in economy of the country, it is inevitable to pay attention to this sector and provide training that will lead to entrepreneurship among audiences and lead the society toward efficient use of total production facilities.

The status of human force and the current capabilities and failures of agricultural sector must be identified from entrepreneurship dimension. In this regard, it is necessary to have a systematic view so that the balance and sustainability of agricultural system and its interaction with other social and economic systems of society will not be destroyed. There must be appropriate solutions for this in agricultural programs:

A. **Governmental policies**
Prioritizing agriculture in development plans

B. **Agricultural policies**
Prioritizing education in agricultural planning

C. **Agricultural education policies**
Prioritizing entrepreneurship in agricultural education planning, teaching business skills, developing and strengthening entrepreneurial characteristics and skills, short-term programs for entrepreneurship training for different groups of farmers, development of long-term entrepreneurship training courses in the framework of graduate and postgraduate educational levels in universities for departments of agriculture, incorporating entrepreneurship themes into textbooks which can fertilize the seeds of motivation for entrepreneurship in children.

D. **Socio-economic conditions**
Regulating counseling programs about entrepreneurship, creating and developing
entrepreneurship networks, entrepreneurship informational system and network, research and development, providing loans and tax incentives, physical facilities, employing and paying attention to successful role models of entrepreneur farmers, promotion of entrepreneurship culture, and introduction of exemplary entrepreneurs through the press and appreciating them, expanding entrepreneurship culture in public and cooperative sectors, and providing strategies for launching a new business related to agriculture (Papzan, 2003).

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