An Analysis of the Impacts of Micro-Credits on Sustainability of Rural Economy (Case Study of Omid Entrepreneurship Fund in Neyshabour)

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Received 14 January 2015    Accepted 10 September 2015

1. Introduction
Nowadays, sustainable economic development is the most significant economic objective in the developing countries. Accordingly, micro-credits as an efficient strategy could play a vital role in achieving sustainable livelihood in the rural areas. This research aims to study the impacts of micro-credits provided by Omid Entrepreneurship Fund on the economic sustainability in the rural regions of Neyshabour. It attempts to find out how the performance of Omid Entrepreneurship Fund in giving micro-credits could affect the sustainability of the rural economy in the villages under study.

2. Theoretical Framework
The Irish Loan Fund System in the 17th century was one of the oldest rural microfinance service providers. The system was soon extended to other countries and to the developing countries with the leadership of Bangladesh. In Iran, the history of micro-credits goes to the establishment of Melli Bank, Flahati Branch in 1901. Numerous theories exist regarding the sustainability and its impacts. By considering this topic, the current research draws on the economic sustainability which is one of the aspects of sustainable development and its relevant components. Economic sustainability is one of the basics of economy, and it means attaining economic security in terms of reaching sustainable livelihood in continuous and stable affairs and gaining reliable financial resources by utilizing

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human resources. Economic sustainability includes three components, namely economic justice, economic stability, and economic prosperity.

3. Method
This is an empirical quantitative study which resorts to the descriptive-analytic method. 1883 households living in the villages of Neyshabour, who were also receiving self-employment loans from Omid Entrepreneurship Fund participated in the study. 276 households were chosen randomly as the research sample using Cochrane formula. In total, 39 villages were chosen to fill in the questionnaire. To measure the impact of credits, 24 factors were chosen in the form of three major components by analyzing and reading the relevant documents and evidences. A questionnaire was used to gather the field data. The scale validity was measured using the content validity and the face validity evaluation method. The scale reliability was found to be 939. The collected data were then analyzed using the descriptive and inferential statistics (Mono-dimensional $x^2$ and univariate $t$).

4. Results and Discussion
The findings showed that the economic justice (M=3.65) and economic stability (M=3.64) had a significant impact on the improvement of economic sustainability while economic prosperity had a less significant impact (M=2.274). To compare the observed frequencies with the expected frequencies, univariate $x^2$ test was used. Based on the mean and distribution of the data, it can be concluded that, except for the items of improving non-food expenditure in economic prosperity, micro-credits had a significant impact on the items of sustainable economy. To evaluate the impact of micro-credits on the sustainability of rural economy of Neyshabour villages, one-sample $t$-test was used. The results of one-sample $t$-test (13.482) showed that there was a significant difference ($\text{significance level}=99\%, \text{error rate}<0.01$) between the true and the assumed mean. Given that the true mean (84.91) was more than the assumed mean (73), it can be stated that according to the respondents, micro-credits had an impact on the improvement of economic sustainability. One could say that the households under study achieved a stable livelihood and useful employment after receiving the self-employment loan.

5. Conclusion and Suggestions
The major focus of this research was on micro-credits and their impacts on the components of the rural sustainable economy, life, and activities. The findings of the study showed that the credits given by Omid Entrepreneurship Fund had an impact on improving the economic justice, the increasing economic stability, and the improving rural economy. Finally, it can be stated that providing micro-credits in the rural areas had a significant impact on the sustainability of the rural economy. Regarding the participants under study, the provision of 231 loans led to
the employment of 382 individuals, 107 of whom have full-time jobs and 275 have part-time jobs. The high rate of establishing new jobs is a main factor for the economic development and the employment growth. These findings showed that providing credits can be beneficial in improving the rural economy especially for small projects. Accordingly, the approach that takes preventive measures such as giving micro-credits to avoid the increase of poverty and unemployment, etc. is appropriate for ensuring the economic sustainability of the villages. Such an approach assumes the low-income communities as the agents and monitors of the program. These positive changes in the context of the rural employment and economic activity can set the grounds for the prosperity and the attraction of the villages. Finally, since such programs increase the rural economic power, their role in improving production, more efficiently, creating jobs, the provision of cost of living, etc. becomes vital and affect other aspects of the rural development (socio-cultural, ecological, and physical aspects).

Key words: Economic sustainability, Rural economy, Micro-credits, Neyshabour, Omid entrepreneurship fund

References


How to cite this article: