

## **Investigating Structural Factors Affecting Innovation in Entrepreneurship (Case Study: Faruj)**

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### **Extended Abstract**

#### **1. Introduction**

In the era of the emergence of knowledge-based economies, the process of continuous and rapid transformation is one of the most important trends in human life and it is one of the most important features of this phenomenon. Innovation, which is the basis of change and transformation, plays a fundamental and determining role in this field. So, in recent years, the only effective solution in the field of employment and rural economy of the country is the prosperity of entrepreneurship through innovation. The shortcomings related to rural area, specially weakness in the upgrade of direct employment power in that domain requires improvement of entrepreneurship by the way of innovation, which is the only solution. Therefore, the purpose of this study is to identify affecting innovation in the entrepreneurship in Faruj in order to make important steps for development of rural areas.

#### **2. Review of Literature**

Regarding the subject some researches have been conducted. What can be concluded from the studies is that entrepreneurship is interdisciplinary in nature and, depending on the views of experts, each of the studies have focused on specific aspects of this the phenomenon. None of the studies mentions a specific model and only a part of the entrepreneurship has been investigated from related fields of study. Moreover, one cannot find an innovative research in Iran on entrepreneurship and only are there some researches on creativity in entrepreneurship. No such research can be found in rural studies. Regarding researches conducted in or out of Iran, except for only a few, others have considered entrepreneurship as employment, job creation, and activity

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boosting or they have taken a creative approach, though rare in Iran, emphasized on technology, equipping, and modernizing and there has been little mention of empowering and strengthening the scientific foundation based on local considerations. As a new work, this research provides a good combination of entrepreneurship and innovation, especially currently in which Farouj city in particular and Iran in general have a strong need to improve production and employment levels.

### **3. Method**

The study used mixed (descriptive analytical) method. The sample was all entrepreneurs and innovators of the city, nominated as entrepreneurship creative and innovative individuals of North Khorasan province in the last 10 years (63 persons). For qualitative analysis, two other groups including 22 university professors and 21 experts in rural affairs of Iranian organizations were interviewed. The validity of research tools is proved by help of experts' opinions and its reliability was approved by Cronbach's alpha coefficient ( $\alpha=0.898$ ). For data analysis in two levels of descriptive and inferential statistics, SPSS software was applied. Considering the variables, Chi-square, Friedman, one sample t-test analysis of variance were used.

### **4. Results and Discussion**

In this study, descriptive statistics showed that individual and family characteristics index with score of 3.44 and education and research index with score of 3.37 have the highest averages as structural indicators of rural innovations. Friedman test results showed the significance of the test; therefore, the individual and family characteristics have the highest priority. Moreover, the results of single sample t-test showed that all rural innovative indexes are above the theoretical average (that was 3). Meanwhile confirmation of a significant difference between the three target groups opinion, ANNOVA proved that the main factors are "transnational and external" factors from the viewpoint of university professors, experts in rural affairs of organizations, and "individual and family" factors from the innovators' perspective.

### **5. Conclusion**

The results show that from among the three groups, there is consensus among university professors and experts in rural affairs that emphasize on transnational and external factors as the most important factor influencing innovation in the entrepreneurial process. Declining status in global rankings, such as productivity, innovation, and competitiveness, indicate this fact. On the other hand, the choice of individual and family factors as the most important factor by rural innovators indicates the effects of the village and smaller environments. Therefore, it can be said that strengthening individual and family factors in the rural environment and enhancing international relations and greater global interactions can raise the level of innovation in the region.

Therefore, the growth of individual and family factors of innovation in rural environment and the strengthening of foreign and international relations and further

global interaction can raise the level of innovation in the region. Because strengthening the above-mentioned factors will lead to the development of rural areas, increase in production, economical boom and job creation. Finally, recognizing and strengthening the structural factors affecting innovation can be effective in reducing the rate of rural-urban migration and reducing the level of unemployment and poverty in future.

**Keywords:** Instructional Factors, Innovation, Rural Entrepreneurship, Faruj City

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