



An Investigation of Effectiveness of Agriculture Sector Development Fund of Yazd Province on Shareholder Associations from Perspective of Shareholders

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ABSTRACT

Objective: According to Iranian government's politics to support agriculture sector and by considering this that it is required to have capital of private sector along with capital of public capital in this sector, government has initiated to establish funds to support agriculture sector development on national, product, province, town and rural and tribal women levels. This survey-descriptive research aims to investigate effectiveness of Agriculture Sector Development Fund of Yazd Province on shareholder associations in perspective of shareholders. **Methodology:** Statistical population of this study includes shareholders of Agriculture Sector Development Fund of Yazd Province that were 226 persons. 110 samples were selected by simple random method using Cochran's formula. To analyze data, descriptive and analytical statistics were utilized. **Results:** After analyzing by SPSS software, findings indicated that there is a positive and meaningful relationship between variables of effectiveness scope of covered companies including improvement of position, employment, income, development of activities of shareholders, development of agriculture activities with effectiveness of this fund. **Conclusion:** Making payment facilities purposeful in advantageous fields of the province such as greenhouse and also models of serving patterns and formation of production chains are some approaches.

1. Introduction

The main role of conservatism, as one of the basic features of accounting, is to promote the signing of debt contracts. In agriculture sector, due to structural dilemmas and lack of financial facilities, most of exploiters and the issues related to capital and investment and existence of administrative and legal limitations, government has problems in providing it. Therefore, only by reasonably solving these problems, it is possible to realize purposes such as increase of production, independence, exportation and achievement of current incomes. The important and crucial role of agriculture sector in this development cannot be overlooked because this sector has some abilities which not only attracts productions and results of economic activities of other sectors, but also provides the most appropriate and fastest fields of economic development. Therefore, fields of economic development should be searched in economic development and reinforcement of agriculture and food economy. One of the most important factors of economic underdevelopment of developing countries is lack of capital. Typically, in such countries, there are old and traditional agriculture methods which have not suitable and relational mobility with country's needs and its markets, so final production of agriculture sector gets insignificant and productivity decreases (Anvari, 2013). The most important and effective factor in investment and aggregation of capitals in agriculture sector is mobilizing this sector. Investment in agriculture sector is through governmental and non-governmental sectors. Due to legal, administrative and financial limitations, direct investment of government in agriculture sector is performed through guarantee purchase of agricultural products, equipping resources of banks and agriculture sector development

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fund. Therefore, due to importance of the issue of provision of financial and credit needs and improvement of growth rate of investment in agriculture sector, based on Article 12 of formation rule of Iranian Ministry of Agriculture, specialized parent company of investment development fund in agriculture sector, as a representative of government by codifying programs and major policies of investment and preparation, and by equipping and allocating financial and credit resources in agriculture sector, was responsible to form, supervise and support non-governmental funds network in agriculture sector development and cover all producers, exploiters and associations of producers and exploiters of this sector, implement emerging and infrastructural investment plans in order to realize knowledge-based and entrepreneurial agriculture development, to produce safe, abundant and economic agricultural products and to continuously improve growth rate and quality of investment and productivity in agriculture sector. Government, in addition to giving authorization to form these funds as non-governmental infrastructures, participates up to 49% in these funds according to participation share of producers of agriculture sector (Kheirkhah Moghaddam, 2014; Lichtenberg et al., 2010).

The present study attempts to answer this question: how much is effectiveness of Agriculture Sector Development Fund of Yazd Province on shareholder associations in perspectives of shareholders?

1.1. Agriculture of Yazd Province

Agriculture in Yazd Province has its own difficulties and also the possibility to exploit surface waters to use in agriculture sector is very low. In spite of having dry nature and limitation of water and soil sources, in Yazd Province agriculture has been common and Yazdi farmers not only in Yazd but also in Iran have been considered as effective and creative because of their hardworking, attempt and innovation. Major agricultural products of Yazd Province include pistachio, pomegranate, wheat, corn, apricot, grips, peanut and walnut. The other agriculture of this province is date which is produced in Tabas Town and Bafgh Town. Valuable experiences of Yazdi farmers in fighting against their surrounding omnipotent nature have caused to keep agriculture arena a suitable place to conditions and challenges of environment through creating new facilities and innovations. The recent rotation observed in cultivation of low-watered plants such as saffron or greenhouse cultivations and or production of pistachio and olive in favorable areas results from understanding these qualities and conditions. Due to dry weather and lowness of precipitation, Yazd Province has the least agricultural lands in among Iranian provinces.

The most prominent agricultural poles in Yazd include plains of Yazd, Ardakan, Bahadoran, Behabad, Harat, Merust, Chahak and Abarkuh.

1.2. Theoretical bases and literature review

Agriculture Sector as basic and strategic sector of economy is supplier of food and raw material for other sectors. If this sector has a useful activity, activity and progress of other sectors will be facilitated and a country will be led to development. Agriculture sector is the dominant sector of national economy in developing countries and is discussed in national development framework of a country and plays a critical role in national development as an economic sector but in developing countries for rapid economic development, agriculture sector has been paid insignificant attention and they have decided to be rapidly industrialized as soon as possible. Necessity of industrialization of basic and substantial sectors in these countries is justifiable but what has been paid little attention is that basic industry cannot be built and developed without base and such a base for industry usually is possible with an appropriately-developed agriculture sector. What is important is that development and prosperity of industries is not possible by a tool, especially agricultural sector which due to low productivity and having uncontrolled risks always needs some supportive tools along with offering inexpensive facilities. In developed countries, more than ten supportive tools are presented for development and progress of agriculture sector based on their produced products. Therefore, the motor to activate investment in private sector in agriculture is government's supporting infrastructural investments. Also, purposeful increase of amount of capital facilities, especially its cheap kind, can cause improvement of investment in agriculture sector. Share of investment of agriculture sector in the total established investments in the country is not suitable with its capacities and central role in national economy and cannot provide this sector's requirements (Hecht, 1985; Zolanvari, 2015; Chavas et al., 2010).

Agriculture development needs making changes in agriculture sector. Changes in agriculture sector involves preparing appropriate conditions to take place so as a result suitable opportunity will be given to farmers. Making modifications in economic and social structures in a society, establishing suitable physical infrastructures, and forming social infrastructures to reinforce agriculture and determining suitable prices for agricultural products are of these conditions (Hoseini, 2013; Sumner et al., 2010).

Some factors can be known as substantial in agriculture development including finding markets to sell agricultural products, technologies which progressively are getting complete and developed, availability of seeds and required equipment for agriculture, production drives for farmers and transportation facilities which are effective in process of this development. Also, some factors can be known effective in accelerating this development, including training and promotion of agriculture, credits and finances in agriculture center, doing group actions and operations, land integration and a national planning which can accelerate development in agriculture sector. In this regard, agriculture sector development funds activate based on Article 114 of Constitution in offering people's affairs to themselves and these funds as the only non-governmental financial and credit institution are formed with the participation of producers and exploiters and indicate an explicit landscape in utilizing non-governmental capacities in order to provide financial resources and promote growth rate of investment in agriculture sector and based on these funds' important purposes, they can have very positive effects on agriculture sector and accelerate development of agriculture sector. According to the high-risk present in agriculture sector and gradual exit of capitals, the important task of non-governmental funds using legal capacities is to attract and collect these capitals and use them in order to support sustainable development in agriculture sector. These funds can have positive effects on the trend of government's administrative and managerial authorities decrease in agriculture sector (Hemmati, 2015; Unnevehr et al., 2010). In this regard, several researches have been performed that some of them are as follows:

Kheirkhah Moghaddam (2014) in a study investigated effectiveness of agricultural credits on the process of management of production in agriculture units. Major variables and economic performance in gardening, animal, and agricultural sectors of the research area are gross production, production costs, gross benefit, and net profit in agricultural units which have used bank credits. To investigate this subject and achieve the aim of the study, among the agricultural units in the mentioned sectors which for past five years have used credits and those which have not lent, totally 168 units were selected and

compared with each other. Methodology to gather data for this research was field studies which were performed as survey and by the cross-sectional method for the agricultural year of 1391-1392.

Hoseini (2013) investigated the evaluation of facilities of agriculture sector development funds in terms of exchange cost of lending. Results of this research indicate control of exchange costs through receiving facilities from investment development funds and decrease of these costs in greater funds having vaster financial current. Also, econometrics indicates importance of conditions of lend such as profit, volume of requested lend and savings of borrower and also properties of borrower such as level of experience and education, training, history of violation, and the time spent in decrease of exchange cost of receipt of facilities.

Anvari (2013), in the First National Electronic Agriculture and Sustainable Natural Resources Conference, studied socio-economic effects of Agriculture Sector Development Fund of Rural Women of Marvdasht in viewpoint of female rural facilitators. At present, ten formed funds are active and have succeeded to offer minor facilities as rapid and easy with low profit rate for rural female members. Rural women's welcome to funds of the town indicates their confidence in these funds and increase of their self-confidence and social participation in group activities. Unavailability of women to resources is one of the main reasons of ineffectiveness of agriculture sector. Results indicate that state of dimensions of maintenance of profits of minor fund after membership in the town's fund, amount of omission of limitations, amount of increase of social capital and influence in preparing sustainable occupations of plan have been realized very much and influence of plan in dimensions of promotion of entrepreneurship, use of legal state of the fund to implement other projects, role of public and private sectors, role of facilitators and amount of participation of members in the process of implementation of plan had medium influence.

Monzavi (2011) investigated the factors effective on quality of credit services of agriculture sector development funds in viewpoint of managers. Investigation of findings obtained from this research indicates that quality of credit services present in these funds is relatively very good in viewpoint of managers. The most social, economic and managerial factors which have positive and meaningful relationship with quality level of credit services of these funds include confidence of associations in funds, knowledge of managers of funds, participation of associations in funds, interaction and mutual confidence between associations, offering in-time facilities, accurate evaluation of client, kind of facilities, simplicity of guarantees, time of facilities, amount of facilities, increase of capital of funds, proportion of government's share compared with share of associations in funds, management of funds by associations, combination of members of management board, experience of management of members of the managerial board in agricultural associations, supervision and consultative role of specialized parent company in fund, facility of payment of facilities and support of fund in critical times from associations. Also, there is a meaningful and negative relationship between the item of charge rate of facilities and dependent variable of the research.

Kalafala (2003), in an econometric analysis, considered demand for lending in Sudan under Islamic Regulations and estimated demand function using third-order Tobit model by analyzing the factors effective on participation of households in rural informal markets. His findings indicated that participation of households in credit markets extremely is influenced by economic state and social characteristics such as size of farms, training and profit rate. During 1990s, international support of agricultural sector development decreased because based on evidence the budgets allocated to agricultural projects and researches have been provided by governments and related international organizations.

1.3. Main purpose

Based on government's investment in agriculture sector and in agriculture sector development funds, the questions of how much government has achieved his goal to privatization of agriculture sector based on the fact that most of production line is provided by private sector, how much is satisfactory of and effectiveness made on shareholder associations, have provided possibility of identification of shortcomings and review in performance approach. The present study aims to investigate effectiveness of Agriculture Sector Development Fund of Yazd Province on shareholder associations in perspectives of shareholders. To achieve the main purpose, it is necessary to consider and research subordinate cases which will be investigated in form of subordinate hypotheses.

1.4. Research hypotheses

The Main hypothesis of the research: Agriculture Sector Development Fund of Yazd Province affects on shareholder associations in perspective of shareholders.

Effectiveness of Agriculture Sector Development Fund of Yazd Province on shareholder associations is investigated in eight aspects. Therefore, the main hypothesis is investigated in form of five subordinate hypotheses:

First subordinate hypothesis: Facilities of Agriculture Sector Development Fund of Yazd Province affects on improvement of economic conditions of users of these facilities.

Second subordinate hypothesis: Facilities of Agriculture Sector Development Fund of Yazd Province affects on improvement of conditions of social and economic welfare of shareholders.

Third subordinate hypothesis: Facilities of Agriculture Sector Development Fund of Yazd Province affects on making new jobs for shareholders of the company.

Fourth subordinate hypothesis: Facilities of Agriculture Sector Development Fund of Yazd Province affects on improvement of productions of shareholders of the company.

Fifth subordinate hypothesis: Facilities of Agriculture Sector Development Fund of Yazd Province affects on improvement of safety of investment of shareholders of the company.

2. Materials and methods

This research is of applied kind in terms of purpose and is of descriptive and correlational kind in terms of methodology. Also, in terms of data gathering, the present research is a field survey. Statistical population of this research includes all shareholders of Agriculture Sector Development Fund of Yazd Province that consists of 226 persons. Based on the fact that this population has almost similar qualities, it was considered homogenous and to determine volume of sample, Cochran's formula was used which number of the intended sample was obtained 110 with confidence level of 95% and error level of 0.05, who were selected from second half of the year 94 and first half of the year 95 among shareholders of agriculture association of Yazd Province. Tools of gathering data were questionnaire and referring to library resources including books, periodicals, research centers publications (Management Organization Publications, Tadbir), training organizations and institutions, educational theses and search in information electronic databases such as the Internet. Likert Scale was used to score questions of the questionnaire and to determine stability of questionnaire, Cronbach's alpha coefficient was used ($\alpha = 81\%$). To analyze data, descriptive and analytical statistics were used SPSS 19 software. To test hypotheses, descriptive statistics and one-way t-test were used.

3. Discussion and results

Results related to descriptive statistics and referential statistics of testing hypotheses are presented in Table 1 and 2.

Table 1 – Results related to descriptive statistics

Results related to descriptive statistics of effectiveness indexes with the highest and lowest average		
index	Economic conditions of users	Average
The highest average	Improvement of financial status	3.9
The lowest average	Employment safety	3.3
index	Social and economic welfare conditions of users	average
The highest average	Development of life level of shareholder farmers	3.6
The lowest average	Inflation control	3.2
index	Making jobs	Average
The highest average	Using agriculture specialist persons in company	3.9
The lowest average	Employment safety	3.3
index	Improvement of productions	Average
The highest average	Activation of section of production and selling	3.7
The lowest average	Decrease of imports and increase of exports	3.4
	Making added value	
index	Improvement of safety	Average
The highest average	Decrease of stress in investment	3.7
The lowest average	Stability of price of agricultural and nutritional products	3.4
	Safety of investment	

Table 2 – Results related to referential statistics

Result of hypothesis	Confidence level	probability	Degree of freedom	t-statistics	average	number	Title of hypothesis	hypothesis
Confirmation of hypothesis	99%	0	99	8.709	17.93	100	Effectiveness of facilities on economic conditions of users of facilities	First hypothesis
Confirmation of hypothesis	99%	0	99	4.619	20.23	100	Effectiveness of facilities on conditions of social and economic welfare of users of facilities	Second hypothesis
Confirmation of hypothesis	95%	0.024	99	2.289	12.81	100	Effectiveness of facilities on making jobs of users of facilities	Third hypothesis
Confirmation of hypothesis	99%	0	99	5.561	10.41	100	Effectiveness of facilities on improvement of productions of users of facilities	Forth hypothesis
Confirmation of hypothesis	99%	0	99	8.626	17.73	100	Effectiveness of facilities on improvement of safety of users of facilities	Fifth hypothesis

According to t-statistic and the probability related to it which is lower than 0.05 for third hypothesis (probability is 0.024) and for others is lower than 0.01 (probability is 0.000), one can claim that in terms of the investigated sample all the studied factors in this article and generally Agriculture Sector Development Fund of Yazd Province is effective on shareholder associations in viewpoint of shareholders and all the subordinate hypotheses and as a result the main hypothesis are confirmed.

Effectiveness of payment facilities on economy and agriculture of Yazd Province was not significant according to 480 billion Rial capital of this fund and the least rotation required in agriculture sector of this province as much as 34,303 billion Rial to produce at least 1,645,757 ton different agricultural products (statistics of Agriculture Organization of Yazd Province, 2014) and one cannot expect the fund to have high effect but according to this limitation of results obtained from testing hypotheses, it was tried to perform more effective actions. According to focus of activities of the company on financial issues and the facilities related to provision of governmental and non-governmental financial resources, it should be tried to increase capital of the company and allocation of more credits to shareholders active in agriculture sector of this province because if resources and capital of the fund is increased, power of its facilities and penetration coefficient can be increased. Also, the significant point is purposefulness and orientation of these facilities.

4. Conclusion

According to extensive limitations in water resources and relative advantage in greenhouse cultivations, breeding poultry, livestock, etc. Yazd Province needs to have more orientation of payment facilities toward these sub-sections. In sub-sections of agriculture and gardening (except for greenhouse agriculture), it has not an almost appropriate gain. Considering state of rural cooperative firms established in different regions of the province which are members of this fund and their financial issues, we observe annual loss which greatly results from lack of agricultural activity due to lack of water in rural regions of the province. Due to the established orientation of the fund in this field, good investments and facilities were paid. The other tractable issue is initiation of production chains (all steps of final agricultural goods from being raw materials to delivery to users) which based on revolution of needs of farmers and agricultural companies and limitation of capacity of funds, it was implemented. Of advantages of production chains are to do all steps by shareholder companies, deletion of extra mediators and dealers.

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