Review and Analyze the Constraints on the Industrial Investment

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Abstract

The main objective of this study is to analysis and to highlight the barriers and constraints that directly or indirectly affect on the efficiency of industrial investment. The research method is descriptive – analytical. The population of this survey is all investors who during 2001-2003 proceed to agreement to establish manufacturing– industrial centers of Guilan directorate of Industries, but had not proceed to investments who their number was 915 who using simple random sampling, 10% of these individuals, that is 96 were selected as sample. Data collection tools are including A - Interviews with managers and officials of the Department of Budget and Planning Organization and Industry and industrial investors B - a researcher-made questionnaire contains 26 questions includes 25 five items questions and a general question regarding the problems of industrial investment. Data obtained were analyzed using the ratio test (Goodness offittest) and z-table. Results showed that, lack of infrastructure of this province has led to unwillingness to industrial investment. Low profitability in industries comparing to service- commercial jobs has been led to unwillingness to Industrial investment. Lack of administrative and organizational and administrative infrastructure in the province has been led to unwillingness to Industrial investment. Away from industrial centers of the province's consumer markets (distance) has been led to unwillingness to Industrial investment. Problems of capital and financing are factors of lacking willingness to industrial investment in Guilan province.

Keywords: Restrictions, industrial investment, infrastructure, industry profitability, administrative and organizational infrastructure, industrial centers, the capital

Introduction

Obviously an appropriate incentive system and recognizing the capabilities of industrial development of this province was a necessary condition but not sufficient condition, so for this propose, realization of some conditions is essential(Jahankhani, 1991). One of these conditions is to identify bottlenecks and obstacles to industrial development, because any negligence in identifying barriers and problems of industrial investment and lack of attention to them actually meant to ignore the goals and objectives of economic and industrial development of this province (Elyasi, 1991). So as to strengthen investors as the principal means of growth, recognition and attention to bottlenecks and barriers to planning and especially industrial investment decisions, was essential and to help planners in the efficient use of limited resources of the states and provinces to prevent the waste of economic resources and thus provided a favorable background to performing industrial projects (Pakzad, 1992). In order to investigate selected subject of the research which deals to review and identify the most important bottlenecks of industrial investment in the Guilan province, researcher is looking to identify obstacles and inhibitor restrictions of investment in the private sector of the province in the industrial section and provide practical suggestions for removing these barriers. In this research, industrial investment limitations of Guilan were examined. Therefore, problems related to industrial investment of the country were studied from a macro perspective and was not purpose of this study. And problems related to Gilan province will be reviewed. Little research has been done concerned to this research.
Mohseni was study a research on "To study industrial investment problems in Ilam province". In this research, Mohseni proposed and analyzed factors such as lack of expertise and skilled manpower, low quantity and quality, technology, poor management, lack of equipment of industrial companies and the underlying factors (Farmand, 1984). Mohseni in his research found the following results:
- Industrial investment carried out was very weak technology and technically.
- Investments in infrastructure for industrial development in the province are very limited.
- Business and marketing aspects required for the province's industrial development is largely poor.
- Aspects of monetary and industrial investment of this province are somewhat weak.
- Aspects of social infrastructure of industrial investments in the province are relatively weak.
- As a result of mismatching construction cost funding and allocated facilities granted by banks to industrial projects have been at the provincial level, is the most important achievement of this research.
To achieve the goals noted in this study, researcher was formulated and tested the following hypotheses.

**Research hypotheses**
- H1: Lack of infrastructure of the province (industrial areas, communication facilities, etc.) has led to unwillingness to industrial investment.
- H2: Low profitability of the industry compared to business and service jobs in the province has led to unwillingness to industrial investment.
- H3: Lacking administrative and organizational and administrative at the provincial level has led to unwillingness to industrial investment.
- H4: Being far from industrial centers of the province consumption market (distance dimension) have led to unwillingness to industrial investment.
- H5: Problems related to capital and financing, have led to unwillingness to industrial investment.

**Research Methodology**

The aim of this study is applied and its method is analyzing-descriptive method (Delavar, 1995). The population of this survey is all investors who during 2001-2003 proceed to agreement to establish manufacturing – industrial centers of Guilan directorate of Industries but had not proceed to investments until the set of hypothesis and their number was 915 who using simple random sampling a number of 96 were estimated as sample. Data collection tools was an Interviews a researcher-made questionnaire contains 26 questions. Its validity and reliability were obtained through obtaining the views of concerned professionals and with the initial 20 questionnaires through Cronbach's alpha coefficient of 0.85, respectively. Data analysis in the study was both descriptive and inferential. In descriptive level, the frequency, percent frequency, mean, proportion, drafting tables and charts were drawn and at inferential statistics, ratio- test and Z-tables is used.

**Results**

H1: Lack of infrastructure of the province (industrial areas, communication facilities, etc.) has led to unwillingness to industrial investment.
Lack of infrastructure of the province has not led to unwillingness to industrial investment: H0
Lack of infrastructure of the province has led to unwillingness to industrial investment: H1
\[ H_0 : P_0 \leq 0.50 \]
\[ H_1 : P_0 > 0.50 \]
\[ P = \frac{88}{96} = 0.92 \]

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Table. 1.
Because calculated $Z$ ($Z=8/838$) is greater than table $Z$ at the level ($Z=1/645$) $\alpha=0/05$, so, null hypothesis is rejected and confirm the research hypothesis. In other words, the above ratio is located at 0/05 in the critical area.

**Results**

Lack of infrastructure of the province has led to unwillingness to industrial investment.

H2- Low profitability of the industry compared to business and service jobs in the province has led to unwillingness to industrial investment.

Low profitability of the industry compared to business and service jobs in the province has not led to unwillingness to industrial investment: $H_0$

Low profitability of the industry compared to business and service jobs in the province has led to unwillingness to industrial investment: $H_1$

$H_0 : P_0 \leq 50 \%$

$H_1 : P_0 > 50 \%$

$P = \frac{88}{96} = 92 \%$

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Because calculated $Z$ ($Z=8/838$) is greater than table $Z$ at the level ($Z=1/645$) $\alpha=0/05$, so, null hypothesis is rejected and confirm the research hypothesis. In other words, the above ratio is located at 0/05 in the critical area.

**Result**

Low profitability of the industry compared to business and service jobs in the province has led to unwillingness to industrial investment.

H3-Lacking administrative and organizational and administrative at the provincial level has led to unwillingness to industrial investment.

Lacking administrative and organizational and administrative at the provincial level have not led to unwillingness to industrial investment: $H_0$
Lacking administrative and organizational and administrative at the provincial level have not led to unwillingness to industrial investment: H1

\[ H_0 : P_0 \leq 50\% \]

\[ H_1 : P_0 > 50\% \]

\[ P = \frac{82}{96} = 85\% \]

Table 3.

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Total=96

\[ Z = \frac{P - P_0}{\sqrt{\frac{P_0(1-P_0)}{n}}} = \frac{92-50}{\sqrt{\frac{50(50)}{96}}} = 6.858 \]

Because calculated Z (Z=6.858) is grater than table Z at the level (Z=1.645) α=0.05, so, null hypothesis is rejected and confirm the research hypothesis. In other words, the above ratio is located at 0.05 in the critical area.

Result

Lacking administrative and organizational and administrative at the provincial level has led to unwillingness to industrial investment.

H4 - Being far from industrial centers of the province consumption market (distance dimension) have led to unwillingness to industrial investment.

Being far from industrial centers of the province consumption market (distance dimension) have led to unwillingness to industrial investment: H0

Being far from industrial centers of the province consumption market (distance dimension) have led to unwillingness to industrial investment: H1

\[ H_0 : P_0 \leq 50\% \]

\[ H_1 : P_0 > 50\% \]

\[ P = \frac{71}{96} = 71\% \]

Table 4.

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Total=96
\[ Z = \frac{P - P_0}{\sqrt{\frac{n}{P_0(1-P_0)}}} = \frac{\%92 - \%50}{\sqrt{\frac{96}{(\%50)(\%50)}}} = 4.703 \]

Because calculated \( Z (Z=4.703) \) is greater than table \( Z \) at the level \( (Z=1/645) \alpha=0/05 \), so, null hypothesis is rejected and confirm the research hypothesis. In other words, the above ratio is located at 0/05 in the critical area.

**Result**

Being far from industrial centers of the province consumption market (distance dimension) have led to unwillingness to industrial investment.

H5 - Problems related to capital and financing, have led to unwillingness to industrial investment.

Problems related to capital and financing, have not led to unwillingness to industrial investment: \( H_0 \)

Problems related to capital and financing, have led to unwillingness to industrial investment: \( H_1 \)

\[ H_0 : P_0 \leq \%50 \]

\[ H_1 : P_0 > \%50 \]

\[ P = \frac{92}{96} = \%96 \]

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\[ Z = \frac{P - P_0}{\sqrt{\frac{n}{P_0(1-P_0)}}} = \frac{\%92 - \%50}{\sqrt{\frac{96}{(\%50)(\%50)}}} = 9.014 \]

Because calculated \( Z (Z=9.014) \) is greater than table \( Z \) at the level \( (Z=1/645) \alpha=0/05 \), so, null hypothesis is rejected and confirm the research hypothesis. In other words, the above ratio is located at 0/05 in the critical area.

**Result**

Problems related to capital and financing, have led to unwillingness to industrial investment.

**Discussion & Conclusion**

According the results of the first hypothesis testing, and also to analyze and describe any of the questions that are relevant to this hypothesis: Deficiencies and limitations of Industrial Estates, limitations in communication networks and the province roads, environmental constraints and the problems of energy requirements of industries, conclusion is that existing industrial infrastructure in the province to create and develop the energy needed to the industry was not enough and shortcomings and limitations of the Industrial Estates, communication networks, energy requirements of different industries and environmental factors in the province.

According to the second hypothesis testing of the research and review and describe any of the factors relevant to this hypothesis, such as: Unwillingness of investors to accept risk, lacking fast turn of
initial investment in industrial projects, existing government regulations and pricing policies and a gradual rise in production costs (including transportation costs, wages and raw materials, etc.) we can conclude that “This province industry profitability is lower than business and service jobs in the province.”

According to the third hypothesis testing of the research and review and describe any of the factors relevant to this hypothesis, such as: Administrative bureaucracy associated with obtaining the agreement of principles, existing tax laws, continuing changes in management and administrative policies, being long and the number of agreements inquiries, lack of coordination and cooperation between relevant organizations, concluded that:

- Complexity of the administrative and organizational executive and development one industrial unit in the province is high, so that investment from the beginning of project application until the establishment and operation must receive numerous inquiries from various agencies.
- Coordination and cooperation between relevant organizations to doing affairs and applicants for investment is weak.

- According to the fourth hypothesis testing of the research and review and describe any of the questions relevant to this hypothesis, such as: Problems related to raw materials needed in industry of the province, problems related to the sale of manufacturing products (in terms of distance), increased cost (due to transportation costs) and reduce its competitive edge in consumer markets, we can conclude that away from industrial centers in the province of consumer markets and also issues related to raw materials needed by industry and sales of manufactured products, is considered as one of the major problems of the investment in the province.

According to the fifth hypothesis testing of the research and review and describe any of the questions relevant to this hypothesis, such as: Type of banks and financial institutions in granting financial facilities, high interest rates, lacking the flexibility of Banks and financial institutions, term of payback loans and its rate, we concluded that:

- Agreements holders have a deep attachment to the bank facilities
- Banks cooperation in granting banking facilities to the owners of principle agreement in the province is poor.

- The loans rate of principle agreement owners for the construction industry is less than the amount predicted. Instead, the interest rate of bank loans and installment loans to banks is very high.

References


