



## Research Paper

**Identifying micro and small production centers in order to create employment and production leap and providing solutions for their development in Guilan Province**Esmaeil Malek Akhlagh<sup>1</sup>  Mohammad Taleghani<sup>2</sup>  \* Mehran Mehdizade<sup>3</sup>  Sahar Asadzadeh Manjili<sup>4</sup> 

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Small production centers and workshops, as one of the ten priorities of the production leap, play a significant role in job creation; however, despite the appropriate capacities of the province of Guilan, the situation of these centers is undesirable and according to the pathology analysis, it has been determined that there are numerous challenges facing the development of small and micro production centers in Guilan in the areas of investment and financing, production and employment, marketing and sales, which require the provision of improvement and development solutions to overcome them. Therefore, the objectives of the article were to first identify the priority small and micro production centers in Guilan province and then explain the challenges and provide development solutions in line with job creation and the realization of the production leap. In this regard, in the first step, while reviewing the theoretical foundations using library studies and citing the system's macro and strategic policies and plans, a set of measures taken by various institutions to support micro and small manufacturing businesses was examined; in the second step, by examining the experiences of more than 10 developing and emerging economies in the field of supporting micro, small and medium businesses and in accordance with the priorities of the Gilan Province Planning Document, 16 priority centers were identified and introduced after the necessary studies; in the third step, for a precise diagnosis and identification of challenges and solutions to improve investment and financing, production and employment, marketing, survey forms were designed to collect information from experts and economic activists in the public, private and cooperative sectors and distributed among 82 experts and specialists from the public, private and cooperative sectors using a convenient sampling method; In the next step, using the method of content analysis and coding, 9 main challenges in the field of investment and financing; 9 main challenges in the field of production and employment; and 9 main challenges in the field of marketing, distribution and sales were classified and 9 improvement and development solutions were identified and introduced in accordance with each of them.

**Keywords:**

Micro and small production centers, production leap, job creation, development challenges and solutions, Guilan Province.

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## Extended Abstract

### 1. Introduction

One of the provinces that has a very high capacity in the three sectors of production, services, and agriculture is Guilan Province. According to the latest business environment monitoring reports of the Iran Chamber of Commerce, Industries, Mines, and Agriculture (ICCIMA) and the investment security monitoring report of The Research Center of the Islamic Consultative Assembly, it has an unfavorable situation in the production area; in such a way that the production capacity of the province's production units has decreased and the issue of employment in its production sector has also been exposed to a serious crisis, which has had negative effects on the prosperity and leap of production. In such complex conditions where the province's economy is facing increasing problems, paying attention to small and micro production centers as a small production system with higher operational capacity, less space, and reduced consumption of resources and energy through miniaturization of production processes can be a solution; because small and micro production centers have revealed a new face of global and local production, and in Iran, their development has been mentioned as one of the ten priorities of the production leap, given its significant role in job creation; therefore, one of the policies of the production leap and job creation is the development of small and micro production centers and centers by relying on local advantages of production. Because today, on the one hand, the cost, risk, and capital required to set up large industries are high, and these industries face limitations in the area of customization and distribution systems, and on the other hand, previous research shows that more than 50 percent of consumers prefer customized purchases, and even the majority of them are willing to pay more for a customized product or service. This new consumer model provides huge opportunities to set up a network of smaller, more agile, and more flexible factories that are located closer to where customers are, and this is where micro and small manufacturing workshops come into play. Simply put, and with the approach of "think global, build local," companies must increasingly think globally in terms of emerging customer needs, but build locally in terms of fulfilling these needs.

Despite all these, there is no comprehensive and accurate database regarding priority micro and small production centers in Gilan province, and on the other hand, the challenges and development strategies for proper governance and management of the development of such centers are still unclear and ambiguous. On the other hand, a review of the policies announced by the Leader of the Revolution and the country's macro policies in the fields of production, employment, and entrepreneurship, the laws approved by the Islamic Consultative Assembly, and the strategies of the government and other institutions shows that although various measures have been taken over the past 10 years to realize the policies of the resistance economy and continuously improve the business environment and remove obstacles to production with a focus on small and medium-sized industries, in some cases it indicates parallel work by some institutions and the island-like performance of the apparatuses in formulating programs and policies, and sometimes in the field of implementation, some inconsistencies and lack of effective cooperation lead to the failure to achieve the goals of the policies and programs; While many steps still need to be taken to achieve the desired position of the country's business environment or in fact to improve the business environment through the realization of ease of business indicators, this will not be possible except through convergence, synergy, and the application of integrated management and supervision. Therefore, in order to identify priority production centers for the province in order to achieve the goals of production leap, including increasing the quantity and quality of production, creating employment, attracting domestic and foreign capital, launching new production workshops and revitalizing stagnant production workshops, creating production clusters in line with the country's needs, export-oriented and knowledge-based production, and in order to reduce the aforementioned threats, it was considered necessary to conduct research.

### 2. Background

Micro and small manufacturing centers represent a model of global yet local production and are defined as a network of smaller, more agile and flexible manufacturing units in which companies must think increasingly globally (in terms of emerging customer needs) but operate locally (in terms of fulfilling these needs). Or, micro manufacturing centers are defined as a set of small, small and



homogeneous manufacturing units and workshops that, in a given geographical area in accordance with the characteristics and capacities of that area, can operate as a value chain (units producing raw materials to units producing finished products) or can produce and supply raw materials to large industries or produce diverse finished products separately and outside the value chain. Of course, in a way, micro-manufacturing centers can be considered the same industrial clusters but on a smaller scale, with greater flexibility and innovation in production, less capital required, lower risk, as well as easier customization and less pollution, and the ability to respond appropriately to continuous economic changes, which can operate even in rural areas. The important point about the development of micro-manufacturing centers is that these centers can maximize the potential of small cities; because small-scale artisans and manufacturers offer tremendous economic opportunities for cities that are ready to use this creative and entrepreneurial energy. Small-scale manufacturers also give people a reason to come together. Some, like crafts, provide a place to gather. Others form a collective destination. They diversify the local economy, create community wealth, and provide good jobs for people with a wide range of skills. Even in rural areas that have seen decades of job and population decline, the formation of manufacturing hubs and the creation of small workshops with a mix of in-person and online sales are becoming a vital part of revitalizing local economies.

Regardless of the different definitions, the objectives of developing manufacturing hubs in all countries are: 1) to create large-scale employment opportunities for the unemployed quickly with relatively low investment; 2) to eradicate the problem of unemployment from the country; 3) to encourage the dispersion of economic enterprises throughout the country, including rural areas, smaller towns and economically underdeveloped areas; 4) to bring underdeveloped areas into the mainstream of national development; 5) to achieve balanced regional development throughout the country; 6) to ensure equitable distribution of wealth and national income; 7) to encourage effective mobilization of the country's untapped resources; 8) to improve the socio-economic conditions and living standards of the people; 9) to seize the huge opportunities created for small enterprises due to the government's liberalization and globalization policies; 10) to contribute to the country's vital foreign exchange earnings through the export of goods and 11) to generate more revenue through taxes for the government and the provinces. Also, the advantages of small and micro-manufacturing workshops compared to traditional production approaches or large production workshops include increased innovation, lower costs, higher productivity, support for custom production and ease of customization, ease of product distribution and supply, cheap labor, high profitability, and low capital for startup.

### 3. Methodology

#### 3.1. Method

The present study is applied in terms of purpose; because it seeks to address the existing challenges facing the development of micro-production centers and small workshops based on pathology and recognition of existing problems and challenges, and to provide development-applied solutions in the fields of investment and financing; production and employment; marketing and sales for the formation and development of micro-production centers for Guilan province. In terms of data collection method, the present study is qualitative and in terms of nature it is descriptive-analytical.

#### 3.2. Participants

The statistical population of the study included all managers and experts in the government sector, including (Department of Cooperatives, Labor and Social Welfare; General Directorate of Industry, Mines and Trade, Industrial Estates Company, Agricultural Jihad Organization, General Directorate of Economic Affairs and Finance of Guilan Province); private and cooperative sector activists, including (members of the Chamber of Commerce, Industries, Mines and Agriculture, managers of organizations and unions and production cooperatives, and managers of small, medium and large-scale production companies and workshops operating in Guilan Province). The research sample was determined to be about 100 public and private-cooperative sector activists to identify the challenges facing small and medium-scale production centers, as well as identify strategies for improving investment and financing; production and employment; marketing and sales. The available and

snowball methods were used for sampling, and survey forms were distributed among the sample individuals, and 83 of them were collected in completed form.

### 3.3. Instruments

Data and information collection method: In this study, in order to understand the literature and theoretical foundations of the subject under study, library and document studies have been used. In this study, an attempt has also been made to request the sample individuals through survey forms or researcher-made questionnaires to provide the researcher with the required data in open codes by answering open questions. The survey forms were designed as Table 1 and the experts were asked to first present the 5 basic problems or challenges in the areas of investment, production and employment, and marketing, supply and sales (domestic and foreign) that face the establishment and development of micro, small and medium-sized production workshops in Guilan province from their own perspective and subsequently present 5 basic solutions appropriate to each.

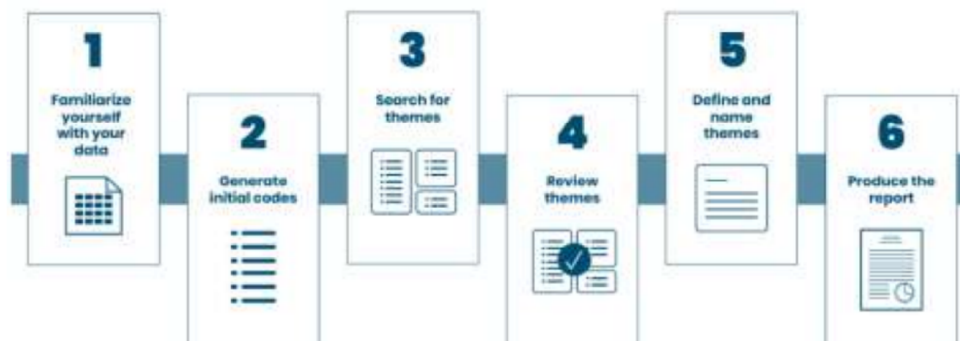
**Table 1: Five major issues or obstacles and solutions to the establishment and development of micro and small manufacturing workshops**

Question	In the field of investment and financing	In the field of production and employment	In the field of marketing, sales and Trade
Challenges )Issues and Obstacles(	1.	1.	1.
	2.	2.	2.
	3.	3.	3.
	4.	4.	4.
	5.	5.	5.
Solutions	1.	1.	1.
	2.	2.	2.
	3.	3.	3.
	4.	4.	4.
	5.	5.	5.

### 3.4. Procedure

3.4.1. Comparative approach: In this method, comparative tables were used to explain new ideas of micro, small and medium businesses in emerging, developed and developing countries, and finally, after summarizing, priority production centers or activity categories were introduced and identified based on global experiences.

3.4.2. Thematic Analysis: In the qualitative part of the research, the Thematic Analysis method, which is a method for recognizing, analyzing and reporting patterns in qualitative data, was used. Content analysis is not just a specific qualitative method, but a process that can be used in most qualitative methods. The steps of Thematic Analysis are as follows and are briefly shown in Figure 1.

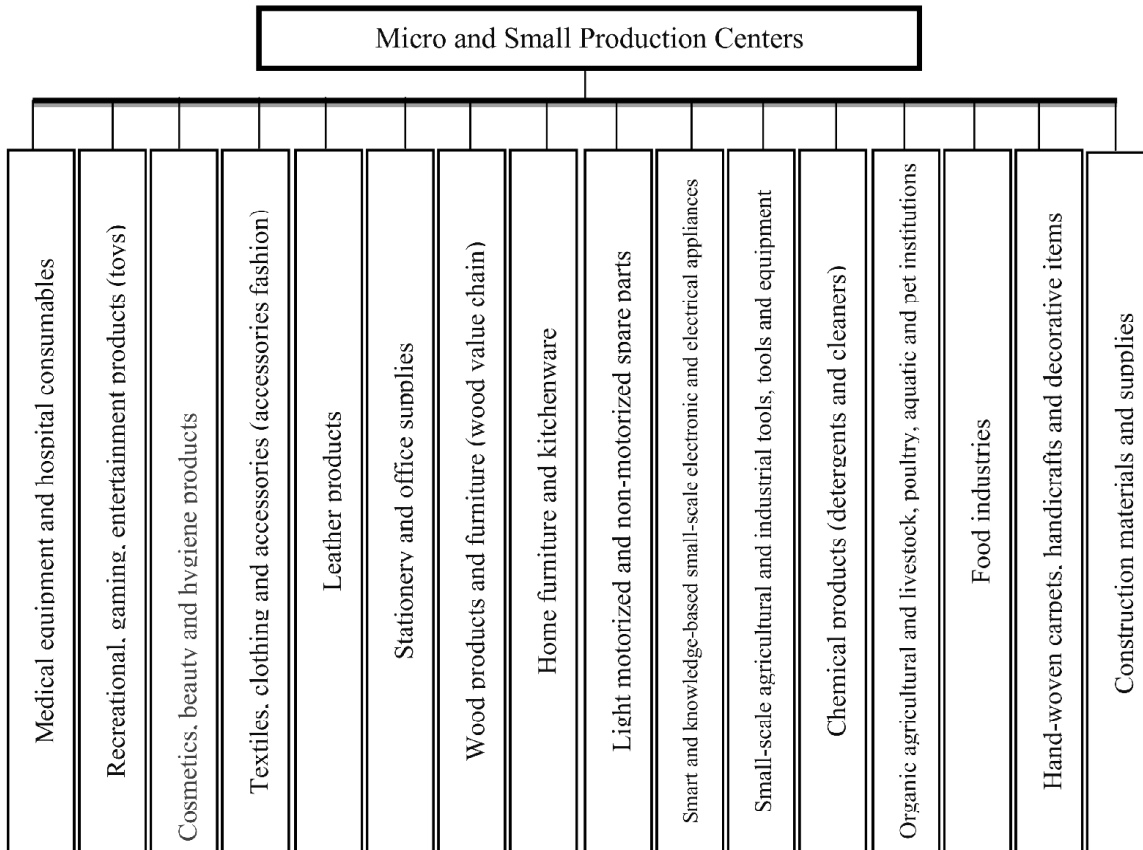


**Fig 1. Phases of Thematic Analysis**

### Results

In the first section, the ideas of micro, small and medium-sized manufacturing businesses in 9 selected countries including Bangladesh, Pakistan, Malaysia, India, China, Hong Kong, Taiwan, Russia,

Turkey from 3 regions including Southeast Asia, South Asia and Eurasia were analyzed using a comparative comparison method to determine which category of activities these countries are most focused on. After examining the top ideas of micro, small and medium-sized manufacturing businesses in Bangladesh, India, China, Malaysia, Turkey, Taiwan and Hong Kong, Russia and Pakistan from the east and west of the country; more than 100 small-scale manufacturing business ideas were identified and categorized into 16 priority categories according to the type and nature of the activities.



**Fig. 2: 16 micro and small production centers**

In the second section based on thematic analysis, from the perspective of experts and managers of government sectors and economic activists in the private and cooperative sectors, 269 open codes were identified for challenges related to the field of investment and financing; 266 open codes for challenges related to the field of production and employment; and 232 open codes for challenges related to the field of marketing and sales (trade). After categorizing and determining the main themes, finally 9 main challenges in the field of investment and financing; 9 main challenges in the field of production and employment; and 9 main challenges in the field of marketing and sales were introduced.

- Issues related to the banking system in terms of granting facilities were raised with 51 repetitions and a share of 19 percent at the top of the challenges facing investment and financing for setting up and running small and medium-sized businesses in Gilan Province.
- High production costs (wages, raw materials, energy carriers, transportation, etc.) were raised with 41 repetitions and a share of 15.4 percent at the top of the challenges facing production and employment of small and medium-sized businesses in Gilan Province.
- The lack of competitiveness of domestic products compared to similar foreign products was raised with 47 repetitions and a share of 20.3 percent at the top of the challenges facing marketing and selling products of small and medium-sized businesses in Gilan Province.



In the third section based on thematic analysis, from the perspective of experts and managers of government sectors and economic activists in the private and cooperative sectors, 269 open codes were identified for challenges related to the field of investment and financing; 266 open codes for challenges related to the field of production and employment; and 232 open codes for challenges related to the field of marketing and sales (trade). After categorizing and determining the main themes, finally 9 main challenges in the field of investment and financing; 9 main challenges in the field of production and employment; and 9 main challenges in the field of marketing and sales were introduced.

- Establishing a unified banking network to provide timely, targeted facilities, etc., was mentioned with 40 repetitions and a share of 18.9 percent at the top of the main strategies for improving investment and financing for setting up and running small and medium-sized businesses in Gilan Province.
- Creating a suitable platform for production and growth by improving the business environment was mentioned with 40 repetitions and a share of 19.4 percent at the top of the main strategies for improving production and employment of small and medium-sized businesses in Gilan Province.
- Concluding contracts with specialized companies in the fields of education, consulting, and marketing was mentioned with 29 repetitions and a share of 19.1 percent at the top of the main strategies for improving marketing and sales of products produced by small and medium-sized businesses in Gilan Province.

### Discussion

As mentioned, many developing, developed, and emerging economies use small-scale businesses for their economic growth and development, and the World Economic Forum has also referred to them as the driving force and driver of economic development and local production. In Iran, during the 1990s, small, medium, and micro businesses were also mentioned as one of the important forms of business and were considered a priority in policies for the production and employment boom. Because micro and small production centers consisting of small-scale and homogeneous businesses and workshops play a significant role in the economic growth and development of urban and rural areas of each province and country, and due to advantages and characteristics such as flexibility, low operating costs, high rate of adaptation to conditions, and lower investment requirements compared to other forms of production that such centers have, they can be exploited to accelerate the economy, production boom, and job creation. However, during the surveys and diagnostics, it was found that the situation of these centers is not the same throughout the country and despite the advantages and high production and agricultural capacities, proximity to the Caspian Sea coast, border location, access to mainly agricultural raw materials, proximity to the commercial market, and tourist attractions, Gilan province has not been able to perform well. On the other hand, it was found that there is no accurate database regarding the priority categories for setting up small-scale and homogeneous production businesses, and in addition, there are various challenges facing the setting up and development of priority production centers. Therefore, in order to prepare the database, in the first step, using a comparative approach with neighboring and similar countries in Southeast Asia, South Asia, and the Eurasian region, and in accordance with the information contained in the statistical yearbook and land management plan of Gilan province, 16 priority production centers were identified and 230 product groups were classified in these 16 centers.

In the next step, through field studies and distribution of survey forms among activists and experts in the public and private-cooperative sectors, data collection and analysis using thematic analysis method, it was determined that there are 9 categories of challenges in the areas of investment and financing, 9 categories of challenges in the areas of employment and production, and 9 categories of challenges in the areas of marketing, sales, and trade in the areas of setting up and developing priority production centers. It was also determined that to address the challenges facing investment and financing; challenges in the areas of employment and production; and challenges in the areas of marketing, sales, and trade, 9 improvement and development strategies were presented, respectively. It is suggested that rulers and policymakers at the national level and officials of the provincial level use these strategies to address the aforementioned challenges and improve the conditions for setting up and developing micro and small production centers.