

Native Framework of Economic Activities Development to Achieve The 1404 Iranian View Statement's Goals

H. Fallah, Z. Naddaf Baghdadabadi

Abstract—Planning of economic activities development has various dimensions one of which determines adequate capacity of economic activities in provinces regarding the government's goals. Paralleling planning goals of economic activities development including subjects being focused on the view statement is effective to better realize the statement's goals. Current paper presents a native framework for economic activities development in provincial level. Triple steps within the framework are concordant with the view statement's goals achievement. At first step of the proposed framework, economic activities are being prioritized in terms of employment indices, and secondly economic activities regarding to the province's relative advantages are being recognized. In the third step, desirable capacity of economic activities is determined with regards to the government's goals and effective constraints in economic activities development. Development of economic activities related to the provinces' relative advantages, contributes on regional balance and on equal development of economic activities. Furthermore, results of the framework enable more confident investment, affect employment development and remove unemployment concern as the main goals of the view statement.

Keywords—Development, Economic Activity, Regional Planning, View Statement

I. INTRODUCTION

PUBLIC societies require comprehensive and long-term planning to achieve their goals. In addition, correct mid-term and short-term plans in different fields are required to realize long-term plan goals. In Iran, the 1404 view statement is such a long-term plan which presents a proper alignment based on major national issues and subjects for another plans. Paralleling different national policy makings with the view statement's goals is effective to better realize the goals.

In the Iranian twenty years based view statement, overall state's policies are arranged in the following four parts [1], [2]:

- 1) Social, political, defensive and security affairs
- 2) Economic affairs
- 3) Cultural affairs
- 4) Political ties and foreign relations related affairs

H. Fallah is with the Department of Industrial Engineering, Payame Noor University, Tehran, Iran (e-mail: fallah@pnu.ac.ir).

Z. Naddaf is with the Tose-e Taavon Bank, Tehran, Iran (phone: ++98-21-66417023; fax: ++98-21-66417023; e-mail: Zahra.naddaf@gmail.com)

In the social part, social equality development, regional balance and nation's equal development are clearly considered. In addition, generator employment and unemployment rate reduction are introduced as the state's main goal for the next twenty years, qualitative indices improvement in life such as health, education and fighting corruptions due to poverty and unemployment are also taken in to account. In the economic part, economic activities development have been addressed and relative advantage based economic activities development been considered. Also, public income increase and to fix secure atmosphere for economic investors, has been mentioned [1]. The paper represents a planning of economic activities development. Regarding differences among geographical talents and capabilities, economic activities development in every province requires a framework related to the province's land readiness. Current paper presents a native framework to develop economic activities in the provincial level. Implementing the framework in order to achieve the view statement's qualitative and quantitative goals is efficient within the social and economic parts.

II. REGIONAL PLANNING

Regional planning is an approach which applies geographical talents through states' macro goals determination and relative advantages recognition in regions to realize the government's goals [3]. Therefore, the regional planning approach is used in the paper to achieve the government's goals. Paralleling the government's goals with the view statement's goals, results in the view statement's goals achievement through talents and environmental capabilities in the provinces.

Planning of economic activities development at first requires economic activities recognition based on a comprehensive and constraint definition. An economic activity is an activity in which a person or a group of people in the society intends to produce merchandise or to deliver a service using area, equipments, raw materials and necessary information. Moreover, the economic activity includes the below features [4], [5]:

- 1) Separation to smaller components is not cost-effective.
- 2) Value added is included.
- 3) Production or various services is included.
- 4) Employed human force makes income.
- 5) Contains determined standards.

- 6) Acts within a legal and state regulations based on one of the public, private and cooperative sectors Economic affairs.

It is supposed in the paper that the whole state's economic activities in three industry, agriculture and services parts have been recognized based on the above definition. It is noted that recognition of economic activities is independent of geographical regions.

III. EFFECTIVE TIMELY HORIZONS IN PLANNING OF ECONOMIC ACTIVITIES DEVELOPMENT

Any national planning has to be concordant with the twenty years based view statement policy makings also to meet the five years based development plans goals [1], [6]. Planning of economic activities development is not an exception too. Hence, it is required to determine the state's main goals within the twenty years and five years bases then to develop such economic activities which follow a better realization of the state's goals within the above timely horizons.

Furthermore, part of the required investment for economic activities development is supplied by governmental credits which are arranged as the annual budget planning. Therefore, a year based timely horizon is efficient in the planning of economic activities development in order to assess accessibility of resources such as financial resources. In general, to Planning of economic activities development, three long-term, mid-term and short-term timely horizons, twenty years, five years and one year, respectively are considered.

IV. NATIVE FRAMEWORK OF ECONOMIC ACTIVITIES DEVELOPMENT

Native framework of economic activities development in the provincial level contains three steps. At first, economic activities priority is mentioned based on employment indices, secondly, economic activities in the twenty years based horizon regarding the province's relative advantages are recognized. In the third step, desirable capacity of economic activities concordant with the province's relative advantages is determined within the five years based horizon using multi-objective linear planning with regard to the government's goals.

A. Economic Activities Priority

A glance to the current situation of the society determines the fact that the main national concern is the unemployment rate, and employment based on the Iranian 1404 view statement has to be the most important goal for the state planners in the next twenty years [1], [2]. Therefore, the proposed framework at first step considers an economic activities priority in terms of employment potential in order to better realize the view statement's goals. Assessing employment potential in economic activities is possible based on a set of indices. In the previous studies, employment indices of economic activities in national level have been determined. The indices are divided in to three main parts [7]:

1. Financial Indices

According to the indices, financial aspects are become considerable within an economic activity, such as the required investment per a single employment, the average income per a single employment, the average salary per an employed person and overall invest return period to the annual human force income.

2. Technical Indices

According to the indices, technical aspects are become considerable within an economic activity, such as the required area, assembly period, technology complexity and accessibility to the technical data within an economic activity.

3. Market, Quality and Development Indices

According to the indices, the demand situation is considerable within an economic activity, such as getting success in domestic and foreign markets, potential growth of employed people, economic activity dependency on other activities' development, economic activity development contribution in other activities' development, economic activity affectivity by environmental conditions.

Economic activities priority in terms of employment potential requires scoring the economic activities regarding the above indices. It is necessary to consider provinces' geographical features during scoring the economic activities. Thus, provinces' environmental features have to be deeply studied and the results have to provide the province's land readiness statement. The statement is efficient for provincial plans such as planning of economic activities development through presenting special features for each province. To provide the plan, features for each province are considered within the following five views [8], [9]:

- 1) Physical features, to study parameters such as region, climate, temperature, humidity and annual precipitation.
- 2) Biological features, to study natural features, land capabilities, ecosystems, ground water and underwater resources.
- 3) Communicative features, to study province's roads and communicative canals to other domestic and foreign places.
- 4) Economic features, to study agriculture, industries and minerals, tourism and commerce.
- 5) Social-cultural features, to study parameters such as population, employment, unemployment, immigration, customs, habits and traditions.

Therefore, the first step in the proposed framework includes scoring the economic activities based on the employment indices and with regards to the province's land readiness statement. High employment potential economic activities development, is efficient to develop employment and to remove unemployment concern as the main goals of the view statement. In addition, paying much attention to the kind of provinces' land readiness would develop economic activities concordant with provincial features and conditions.

B. Recognizing Economic Activities Related to the Province's Relative Advantages

To develop economic activities, it is required to apply various resources such as human, financial and natural resources. It is obvious that due to the constraints it is impossible infinitively to develop the whole economic activities. Thus, it is necessary to select some provincial economic activities following economic activities priority, and then to develop them by the so-called resources.

It is worth to note that the provinces around the country have unequal talents and capabilities. Some provinces due to relative geographical advantages have a better potential to develop some of economic activities. Therefore, following scoring the economic activities, the proposed framework secondly selects economic activities related to the province's relative advantages. These selected economic activities are efficient to regional balance and equal state development which are of the main goals in the view statement.

Integration of economic activities regarding relative advantages in geographic regions is the other emphasized point in the view statement. Hence, at the second step of the considered framework in addition to determine economic activities related to the province's relative advantages, dependant economic activities are recognized. This leads to develop economic activities as industrial clusters in the provinces.

C. To Determine Desirable Capacity of Economic Activities

Regarding government's goals and effective constraints about economic activities development, at the third step of the proposed framework, desirable capacity of economic activities related to the province's relative advantages and to the dependant economic activities is determined. Constraints include limited human force, invest, primary material, energy and land use resources. In addition to the demand based constraints, minimum capacity of economic activities and standard protection of different pollutions are influential to determine the capacity.

It is possible to determine the capacity of economic activities using various techniques such as managerial methods, computer based search methods, and a mathematical framework [10]. Due to lack of resources, it is necessary to merely use the province's resources to develop economic activities which provide better realization of the government's goals. Among regional planning techniques include Location Analysis, Input-Output Table, P.Dian Table, Factor Breakdown, Regional Difference Indices, the Linear Planning Models helps the plan-maker to achieve acceptable goals within a set of available constraints in the region [11]-[13]. While the government follows various and numerous goals by economic activities development, thus at the third step of the proposed framework, desirable capacity of economic activities related to the province's relative advantages is determined using a multi-objective linear planning regarding government's goals and effective constraints within the development.

In the paper, 18 economic experts have been consulted through questionnaire and interview in order to recognize the government's goals. Findings show that some goals by which the government follows are concordant and some are conflicted. All the economic activities development related government's goals are being regulated within four concordant goal sets. Some sets include a goal and some contain numerous goals. Due to the following reasons, the goals are concordant with the view statement's goals:

1. Employment

In the set, there is only the employment goal. According to the goal, the government develops such economic activities which provide more employment opportunities to the public society. The goal is in the same line with employment development and an unemployment rate reduction of the view statement's goals.

2. Earnings

In the set, there is only the earnings goal. According to the goal, the government develops such economic activities which provide livelihood improvement and more earnings. The goal is in the same line with income improvement and poverty based corruption reduction of the view statement's goals.

3. Technologic Improvement

In the set, there are two goals, i.e. technologic improvement and productivity increase. To use optimum resources for an acceptable production and to increase productivity, it is useful to apply advanced equipments and technology. According to the goals, the government develops such economic activities which are effective in the provincial technologic growth using more advanced equipments, updated technical knowledge and higher level of graduated human forces. The goal is in the same line with life quality indices improvement of the view statement's goals.

4. Investment Risk Reduction

In the set, the goals are: investment risk reduction, market clearance increase, security and easiness of business. According to the goals, the government develops such economic activities with less risk in which the investors intend to invest safely. The goal is in the same line with more confident atmosphere for economic investors of the view statement's goals.

As mentioned, in the third step of the proposed framework, desirable capacity of economic activities considering the above goals and effective constraints within the development is determined using a multi-objective linear planning. Recently a same subject study has been done [14].

Fig.1 represents the proposed framework and the effect on realization of the view statement's goals.

The framework is a general model which is used for planning of all economic activities development includes productive and service activities for the whole provinces.

V. CONCLUSION

The paper presents a native framework of economic activities development in the provincial level following

provision the regional planning role and situation in the macro state decision-makings. The proposed framework provides the development based on the province's relative advantages using the regional planning approach.

The framework at first step tries to prioritize the economic activities considering the employment indices and the province's land readiness statement.

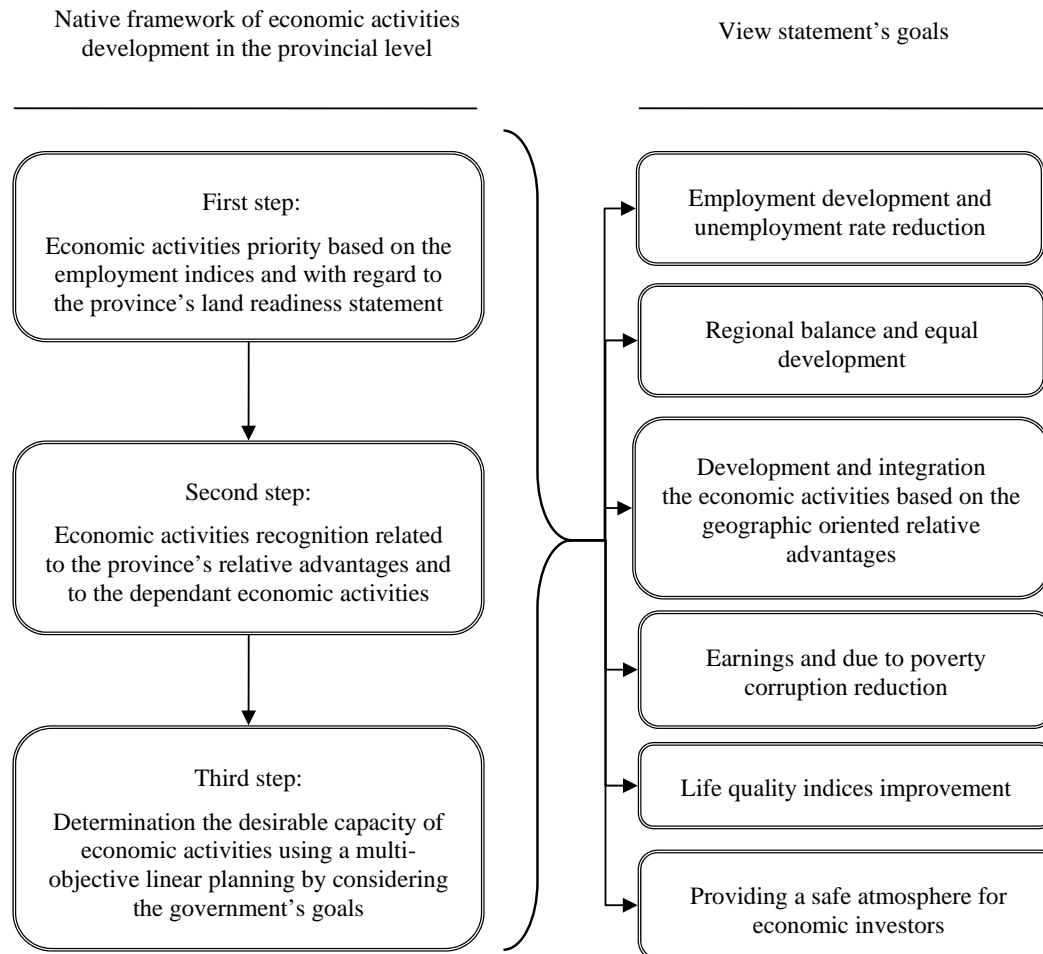


Fig.1 Native framework of economic activities development and the effect on realization of the view statement's goals

Secondly, economic activities related to the province's relative advantages are being recognized, and thirdly, it tries to determine the desirable capacity of economic activities related to the province's relative advantages by considering the government's goals and the effective constraints within the developments.

It is efficient for achieving economic and social goals within the view statement to implement the proposed framework. Such goals are employment, unemployment rate reduction, regional balance and equal development, integration the economic activities based on the geographic oriented relative advantages, earnings and due to poverty corruption reduction, life quality indices improvement and providing a safe atmosphere for economic investors.

REFERENCES

- [1] *The 1404 Iranian View Statement and General Policies for the Fourth Iranian Economic, Social and Cultural Development*, Tehran: State Management and Planning Organization, 2003.
- [2] www.Iran1404.com (Accessed on 2009/11/02).
- [3] K. Ziyari, *Regional Planning-Principles and Methods*, 3rd ed, Yazd: Yazd University Publications, 2004.
- [4] H. Fallah, *Identity of the Economic Activities*, Department of Industrial Engineering, Tehran: Emam Hossein University, 2001.
- [5] H. Fallah, *Classification of the Recognized Economic Activities*, Department of Industrial Engineering, Tehran: Emam Hossein University, 2004.
- [6] www.dolat.ir (Accessed on 2009/11/02).
- [7] Sh. Aliyari, *Economic Activities Priority Based on the Employment Indices*, M.S Thesis in Industrial Engineering, Tehran: Emam Hossein University, 2004.
- [8] M. Androudi, *Environmental Management-Principles and Methods*, Tehran: Kongereh Publications, 2001.
- [9] K. Bellmann, "Towards to a system analytical and frameworking approach for integration of ecological, hydrological, economical and

- social components of disturbed regions,” *Landscape and Urban Planning. J.*, Vol. 51, pp. 75- 87, 2000.
- [10] S. M. Seyyed Hosseini, M. B. Aryanejad & M. Rabbani, “Present a mathematical framework to determine student admission capacity in the national high education institutes”, *Educational Investigation and Planning. J.*, 1992.
- [11] S. Khoshchereh, *Regional Planning*, Tehran: Tehran University Publications, 2009.
- [12] F. Muller, “An operational mathematical programming framework for the planning of economic activities in relation to the environment,” *Pergamon. Social-Economic Plan. J.*, Vol. 7, pp. 123- 138, 1973.
- [13] M. Sarrafi, *Fundamentals of the Regional Development Planning*, Tehran: Planning & Budgeting Organization Publications, 1998.
- [14] Z. Naddaf Baghdadabadi, *Development a Fuzzy Multi-Objective Model to Determine the Desirable Capacity of Economic Activities in a Specific Geographic Region*, M.S Thesis in Industrial Engineering, Tehran: Payame Noor University, 2011.