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Identifying and Ranking the Effective Financial Factors on Rural Entrepreneurial Small Businesses

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Abstract

Rural entrepreneurship is one of the most important goals of policy-makers to develop villages and prevent migration from rural to urban areas. Significant challenges at the rural entrepreneurship level have reduced the entrepreneurship development process. Recognizing these challenges can be constructive in identifying the various dimensions related to rural entrepreneurship and removing barriers to rural business development. This study aims to identify the effective financial factors on entrepreneurship in rural small businesses and rank these factors. The research method applied based on purpose and data collection is a semi-structured interview done through interviews with academic experts, implementers of rural employment and entrepreneurship projects, and entrepreneurs. Data analysis and validation of financial factors on rural entrepreneurship in both service and agriculture sectors were performed using the fitting of a time-series regression model. The results indicate a positive and significant effect of rural population ratio, financing through financial institutions, economic growth, openness rate in business space, gender composition, and inflation rate in agriculture sectors, as well as a significant reverse effect of official employment rate, job-seeking population ratio, exchange rate uncertainty, government employment rate and graduation ratio on entrepreneurship in both service and agriculture sectors. Finally, the results of the Friedman test showed that the financing factor through financial institutions has the highest average rating due to the bank-oriented financial resources of entrepreneurial enterprises in the rural service and agriculture sectors. Therefore, policy-makers seeking to develop rural entrepreneurship should prioritize policies related to the ease of access of rural businesses to financial resources.

Keywords: Effective financial factors on rural businesses, Rural entrepreneurial factors, Rural small businesses.

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1 | Introduction

In today's world, rural areas are regarded as one of the most important economic hubs, not only in less developed countries but also in the developed world, and play a significant role in increasing GDP, food security, raw materials, and ultimately the growth and prosperity of countries [1]. However, it should be noted that rural development is not achieved only by expanding civil infrastructure and providing social services. Still, it also requires income-generating job creation for villagers and accelerating their cultural development (Compared to socio-cultural attractions of urban areas) [2]. In this regard, expanding small businesses has been considered one of the essential strategies for job creation and increasing income in rural areas in recent years, so establishing micro-enterprises is a vital way to empower the rural economy [3].

There are many studies on the impact of financial factors on entrepreneurship development. The results show that the low-income level, especially in rural areas in developing countries, is mainly due to a lack of resources. In many developing countries, small and medium-sized enterprises suffer from insufficient funding opportunities. On the other hand, owing to the inefficiency of capital markets and the lack of venture capital companies, investment value in small businesses, particularly in rural service and agriculture sectors, faces significant challenges. Finally, these financial constraints and other challenges, such as inflation, prevent entrepreneurs from entering the business and make new businesses enter the market in sub-optimal comparisons.

Without efficient financial development in rural areas, all policies to reduce migration from rural to urban areas will be ineffective. The development of entrepreneurship in villages due to technological changes is not limited to agriculture; it also includes other sectors such as communication services, production, etc. [4]. Following these changes, innovative usage of rural resources and facilities is significant in developing rural businesses to take advantage of entrepreneurial opportunities [3]. Today, strengthening entrepreneurship and creating a suitable environment for its development is one of the essential tools for economic and business progress. Highly effective entrepreneurial activities lead to economic development (job creation, innovation activities, and competitiveness). However, no research has comprehensively investigated the most crucial reason for rural development, i.e., effective financial factors in developing rural small businesses [5]. Rural development is linked to entrepreneurship more than ever before; entrepreneurship promotes rural communities' development by creating job opportunities in villages. Rural job creation has led to quantitative growth of enterprises by investing entrepreneurs in the rural and agriculture sectors, which is improved by productive activity. Therefore, the identified financial factors in developing rural small businesses are crucial for policy-makers in rural growth and ultimately lead to the reverse migration of the population from cities to villages [2]. So, the study of financial factors on the creation of rural small jobs should be considered more than ever to create productive employment for sustainable development and poverty reduction, improve the living conditions of villagers, and create a consistent income for them. By the way, the effective financial factors of entrepreneurship that have been less considered in previous research should be identified among rural business owners. Thus, the research begins with this question: What are the effective financial factors on entrepreneurship in rural small businesses?

2 | Theoretical Foundations and Research Backgrounds

Today, there is no doubt that rural development, as one of the priorities and essential challenges of macro-development programs, requires something beyond a simple strategy, especially in non-industrial countries, As it would be possible only with careful and systematic planning and only through the proper functioning of an efficient and pluralistic system [6]. As the most critical element of the rural economy, rural businesses create employment, reduce unemployment, and increase income and productivity [7]. Entrepreneurship can play an essential role in rural economic development in areas such as access to rural goods and services, rural economic growth, reducing the phenomenon of migration to cities, encouraging villagers to start new businesses, and improving the level of social security and welfare in rural areas [8]. Meanwhile, according to many thinkers, entrepreneurship development in various forms and contexts in rural areas, which indicates

human orientation as the primary source of development, is one of the critical elements of rural and even national development by creating employment, generating capital, helping to distribute income more equitably in society and reducing poverty [9].

There are two research approaches to the impact of financial factors on developing rural small businesses. The first approach focuses on entrepreneurs' access to financial resources, and the second one concentrates on other financial factors that emphasize the willingness of small business entrepreneurs to start a new job. Relating to the first approach, studying the factors affecting business formation shows that access to financial resources can positively impact entrepreneurship. Regarding the second one, research demonstrates that the lack of government support, graduation ratio, population composition, entrepreneurial knowledge, etc., has a negative impact on real entrepreneurship [10]–[12]. Rural entrepreneurship can lead to the creation of a small business in the village by investment, trust, risk, and providing sales and marketing services [13]. Rural entrepreneurship is: "Creating a new enterprise that introduces a new product or service, creates a new market, or uses new technology in the rural environment" [14]. The development of small businesses, especially in villages, is one of the suitable areas for job creation; it also has basic elements whose main focus is on providing the village's infrastructure, accelerating economic growth, and reducing poverty [15]. Research shows that paying attention to financial factors affecting the development of small businesses has a greater impact on rural entrepreneurship in developing countries than in developed ones. This is because the GDP in developing countries is lower than the production capacity curve, so after improving the quality of financial indexes affecting the development of small businesses in developing countries, the entrepreneurial situation improves, and the production level approaches the optimal value.

3 | Research Methodology

The present study is applied based on purpose and exploratory-descriptive based on implementation strategy. According to the data collection method, this research has been conducted in two forms: library and field research (using semi-structured interview tools and questionnaires, as well as documents and records). In terms of the research period, this study is one cross-sectional and time series in qualitative and quantitative parts, respectively. Also, due to the non-experimental nature of the study, the experimenter's intervention in the research process is minimal. The statistical population includes academic experts in rural entrepreneurship and small businesses, implementers of rural employment projects, and officials and policy-makers of employment in the villages. Qualitative sampling was performed with a purposive and judgmental approach to the extent of theoretical saturation of data, and 16 people (6 academic experts, 4 implementers of rural employment projects, and 6 officials and policy-makers of employment in rural areas) were identified and participated in the interview process. In the quantitative part of the research, considering that the time series information and figures related to the expert variables have been used, the statistical population of the research is Iran, where the information required for the variables has been collected and studied for 20 years. The period studied in this research is from 1379 to 1398. Also, in the quantitative approach, the measurement model presented for each factor identified in the research is evaluated and validated. Effective factors on entrepreneurship in rural small businesses in the expertise process have been identified through expert analysis. After extracting the components and indexes related to the effective factors on entrepreneurship in rural small businesses based on the thematic analysis method, their effectiveness or ineffectiveness on small businesses was discussed by fitting the time series regression model according to the identified variables. The mana tests of the variables, time series regression using the least square method, and the tests of the initial regression assumptions were used to analyze the data. Finally, the factors were ranked. Data analysis was performed in EViews 10.0.

4 | Research Findings

The Delphi technique was used to identify the factors affecting entrepreneurship in rural businesses. First, the effective factors for developing the new businesses were identified based on the theoretical literature and then reviewed by experts through an expertise process. This process was performed in 3 steps; some of the

proposed indexes were removed or added in each. The final results obtained from evaluating the importance of these indexes, emphasizing the country's macro and economic factors, and using the coefficient and content validity index criteria are presented in *Table 1*.

Table 1. Factors affecting entrepreneurship in rural small businesses.

Factors	Evaluation Method	Content Validity Index (CVI)	Content Validity Ratio (CVR)
Proportion of rural population to the total population	Statistics center	1	0.67
Official employment rate	Statistics center	0.83	0.67
The proportion of the job-seeking population (over 18 years) to the total population	Statistics center	0.83	0.83
Economic growth	Percentage of growth/decrease of GDP in each period compared to the previous period	0.916	0.83
Openness rate in business space	The growth rate of the number of business licenses issued each year compared to the previous year	1	1
Exchange rate uncertainty	Annual standard deviation of the exchange rate (US dollar) in the free market	0.83	0.67
Government employment rate	Proportion of the population employed in the public sector to the total employed population	1	0.67
Gender composition of the population	The proportion of men to women	0.83	0.67
The inflation rate	Consumer price index	1	0.83
Graduation ratio	The proportion of the educated population to the total population	1	1
Financing rural small businesses	Reports of the Central Bank of the Islamic Republic of Iran	1	0.84

Due to the estimated results for CVI and CVR values for research factors, which is greater than the acceptable value of 0.49 according to the number of research experts (16 people), the validity of these indexes in explaining entrepreneurship in small businesses is confirmed. After identifying these factors, their effectiveness or ineffectiveness on entrepreneurship in rural businesses in the service and agriculture sectors was tested.

4.1|Models and Variables

According to the results of the research expertise process and the factors identified in *Table 1*, regression models and research variables are designed and defined as follows:

Influence model on entrepreneurship in the service sector:

$$\begin{aligned}\mathrm{Srv.Ent_t} = {} & \beta_0 + \beta_1 \mathrm{Rur.Pop_t} + \beta_2 \mathrm{Form.Emp_t} + \beta_3 \mathrm{Empd.Pop_t} + \beta_4 \mathrm{Eco.Grw_t} + \\ & \beta_5 \mathrm{Bus.Opn_t} + \beta_6 \mathrm{Ex.Unc_t} + \beta_7 \mathrm{Gov.Emp_t} + \beta_8 \mathrm{Gen.pop_t} + \beta_9 \mathrm{Inf_t} + \beta_{10} \mathrm{Edu.pop_t} + \\ & \beta_{11} \mathrm{Fin.Ins_t} + \varepsilon_t .\end{aligned} \quad (1)$$

Influence model on entrepreneurship in the agriculture sector:

$$\text{Agr. Ent}_t = \beta_0 + \beta_1 \text{Rur. Pop}_t + \beta_2 \text{Form. Emp}_t + \beta_3 \text{Empd. Pop}_t + \beta_4 \text{Eco. Grw}_t + \beta_5 \text{Bus. Opn}_t + \beta_6 \text{Ex. Unc}_t + \beta_7 \text{Gov. Emp}_t + \beta_8 \text{Gen. pop}_t + \beta_9 \text{Inf}_t + \beta_{10} \text{Edu. pop}_t + \beta_{11} \text{Fin. Ins}_t + \varepsilon_t. \quad (2)$$

So, to measure entrepreneurship in rural businesses in these models, the employment growth rate in each of the studied sub-sectors was used to measure the entrepreneurial content in the form of creating new jobs. The variables studied in these models are:

I. Srv. Ent_t: growth rate of employment in the rural services sector, calculated from the percentage increase/decrease in employment in the rural service sector in each period compared to the previous period.
II. Agr. Ent_t: growth rate of employment in the agricultural sector in the rural area, calculated from the percentage increase/decrease in employment in the agricultural sector in each period compared to the previous period.
III. Rur. Pop_t: proportion of the rural population to the total population in year t.
IV. Form. Emp_t: official employment rate of the country in year t.
V. Empd. Pop_t: proportion of the job-seeking population (over 18 years) to the total population in year t.
VI. Eco. Grw_t: percentage increase/decrease of the country's GDP in year t compared to the previous period.
VII. Bus. Opn_t: increase/decrease rate of business licenses issued in year t compared to the previous year.
VIII. Ex. Unc_t: the natural logarithm of the standard deviation of the exchange rate (US dollar) in the free market based on the values of the final dollar price on the last trading day of each month.
IX. Gov. Emp_t: proportion of the population employed in the public sector to the total employed population in year t.
X. Gen. pop_t: proportion of male to female population in year t.
XI. Inf_t: the inflation rate in year t.
XII. Edu. pop_t: proportion of the educated population to the total population in year t.
XIII. Fin. Int_t: proportion of the financing of rural small businesses by financial institutions to the total financing of small businesses in year t.

The results of the descriptive evaluation of the values of each variable are presented in *Table 2*.

Table 2. Descriptive evaluation of variables.

Variable	Average	Median	Standard Deviation	Minimum	Maximum
Entrepreneurship in the service sector	-0.1396	-0.1503	0.1660	-0.3554	0.1554
Entrepreneurship in the agricultural sector	-0.0651	-0.1149	0.1838	-0.3192	0.2173
Rural population ratio	0.2339	0.2242	0.0472	0.1516	0.3028
Official employment rate	0.3771	0.3617	0.0747	0.2737	0.4829
Proportion of job seekers	0.1740	0.1769	0.0507	0.0986	0.2591
Economic growth	0.0126	0.0167	0.0489	-0.0926	0.0834
Openness rate in business space	0.1381	0.1785	0.1368	-0.1351	0.3220
Exchange rate uncertainty	3.5149	3.5377	0.2106	3.2146	3.9916
Government employment rate	0.2374	0.2455	0.0508	0.1568	0.3179
Gender composition of the population	1.1122	1.0942	0.1573	0.8801	1.4237
The inflation rate	0.7687	0.6444	0.4296	0.2361	1.5824
Graduation ratio	0.2155	0.2160	0.0496	0.1310	0.2825
Financing rural businesses	0.5892	0.6325	0.0936	-0.0125	0.7536

According to the findings of this table, it can be seen that the average rate of entrepreneurship in the service and agricultural sectors during the research period is equal to 0.1396 and -0.0651, respectively, which indicates a moderate decrease in employment in each of these sections during each period compared to the previous period. On average, the ratio of the rural population to the total population is 0.2339, and the official employment rate of the country is estimated to be 0.3771. The ratio of job seekers (over 18 years old) to the total population equals 0.1740, and the economic growth index is estimated to be 0.0126 on average. The average openness of business space is equal to 0.3881, which displays the increase in the business license numbers issued in the country during each period compared to the previous period. The exchange rate

uncertainty and the government employment rate averaged 3.5149 and 0.2374, respectively. The gender composition of the population shows that the ratio of men to women was 1.1122 on average. The average inflation rate and graduation ratio are equal to 0.7677 and 0.2155 sequentially. Finally, the financing of rural businesses averaged 0.59292.

Then, before fitting the regression models of the research, the hypothesis of the durability of the variables was investigated using the Augmented Dickey-Fuller test, and the results are described in *Table 3*.

Table 3. Durability test of variables.

Variable	ADF Statistic	Significance
Entrepreneurship in the service sector	-5.4243	0.0000
Entrepreneurship in the agricultural sector	-6.3773	0.0001
Rural population ratio	-4.9328	0.0001
Official employment rate	-7.3355	0.0000
Proportion of job seekers	-4.1981	0.0064
Economic growth	-6.9379	0.0000
Openness rate in business space	-3.9045	0.0086
Exchange rate uncertainty	-2.3162	0.0246
Government employment rate	-3.9762	0.0007
Gender composition of the population	-9.6340	0.0001
The inflation rate	-4.270	0.0003
Graduation ratio	-6.0501	0.0002
Financing rural businesses	-5.356	0.0002

According to the results obtained from *Table 3*, it can be seen that the significance level of the test for all variables is less than 0.05, which confirms the significance of the research variables.

Table 4 indicates the results of fitting the regression model of *Eq. (1)* to confirm the impact of identified factors on entrepreneurship in the service sector in rural areas.

Table 4. Factors influencing test on entrepreneurship in the service sector.

Variable	Impact Factor	Test Statistics	Significance	Collinearity
Rural population ratio	1.1706	13.3154	0.0000	1.4658
Official employment rate	-0.0582	-3.7676	0.0000	1.4399
Proportion of job seekers	-0.0449	-5.3188	0.0000	1.5967
Economic growth	1.1432	11.0724	0.0000	2.1935
Openness rate of business space	0.2677	7.0760	0.0000	2.3834
Exchange rate uncertainty	-0.0115	-5.8875	0.0000	1.4213
Government employment rate	-1.7905	-20.1031	0.0000	1.7128
Gender composition of the population	0.1683	5.8741	0.0000	1.7860
The inflation rate	0.0858	8.4674	0.0000	1.6311
Graduation ratio	-0.5787	-6.7772	0.0000	1.5909
Financing rural businesses	1.6895	8.1890	0.0000	3.4589
Constant value	-0.1789	-1.9933	0.0000	-
The Goodness of the Fit Index				
F statistics likelihood ratio	14.54417			
Model significance	0.029232			
Adjusted coefficient of determination	0.593006			
Breusch-Pagan-Godfrey test (significance)	(0.9455) 0.328604			
Breusch-Godfrey test (significance)	(0.1811) 2.202705			
Jarque-Bera test (significance)	(0.4768) 1.481265			

The overall significance of the research regression model is confirmed by considering the significance level of the model (p-value = 0.029232), which is less than the error (0.05). Also, the significance levels of Pagan-Godfrey (p-value = 0.9455), Godfrey (p-value = 0.1811), and Jarque-Bera test (p-value = 0.4768) with values greater than 0.05 indicate the homoscedasticity and independent and normal distribution of model error terms. It could be expected that the factors identified in the research explain up to 59.3006% of the changes in entrepreneurship in the service sector, based on the determination coefficient of the model. The results of evaluating the impact of factors on entrepreneurship in the service sector show that official employment rate

(beta = -0.0582), job-seeking population ratio (beta = -0.0449), exchange rate uncertainty (beta = -0.0115), government employment rate (beta = -1.7905) and graduation ratio (beta = -0.5787) had a significant reverse effect on entrepreneurship in service sector among the studied factors, while rural population ratio (beta = 1/1706), economic growth (beta = 1.1432), openness rate of business space (beta = 0.2677), gender composition of the population (beta = 0.1683), inflation rate (beta = 0.0858) and financing rate of rural businesses (beta = 1.6895), had a direct and significant impact on it. The results of measuring the effect of these factors on entrepreneurship in the agricultural sector have been described in *Table 5*.

Table 5. Factors influencing test on entrepreneurship in the agriculture sector.

Variable	Impact Factor	Test Statistics	Significance	Collinearity
Rural population ratio	1.5647	9.3754	0.0000	1.4658
Official employment rate	-1.0244	-5.1622	0.0000	1.4399
Proportion of job seekers	-2.9094	-7.8951	0.0000	1.5967
Economic growth	2.6883	5.7235	0.0000	2.1935
Openness rate of business space	1.5708	10.2078	0.0000	2.3834
Exchange rate uncertainty	-0.0825	-1.8094	0.0000	1.4213
Government employment rate	-1.2270	-4.2014	0.0000	1.7128
Gender composition of the population	0.4884	5.5151	0.0000	1.7860
The inflation rate	0.0453	3.1552	0.0000	1.6311
Graduation ratio	-3.1288	-9.5752	0.0000	1.5909
Financing rural businesses	1.6985	9.3698	0.0000	2.1945
Constant value	-0.3744	-2.8692	0.0000	-
The Goodness of the Fit Index				
F statistics likelihood ratio	43.09811			
Model significance	0.035960			
Adjusted coefficient of determination	0.750556			
Breusch-Pagan-Godfrey test (significance)	(0.4678) 1.476729			
Breusch-Godfrey test (significance)	(0.7117) 0.357206			
Jarque-Bera test (significance)	(0.4888) 1.431579			

According to *Table 5*, the significance level of the model (p-value = 0.035960) is less than the error, which was 0.05, and it shows that the overall significance of the research regression model is confirmed. A significance level of Pagan-Godfrey (p-value = 4678), Godfrey (p-value = 0.7117), and Jarque-Bera test (p-value = 0.4888) with values greater than 0.05 Confirms the initial assumptions of regression in this model. It could be expected that the factors identified in the research can explain up to 75,056.75% of the changes in entrepreneurship in the agricultural sector, based on the determination coefficient of the model. The results of evaluating the impact of factors on entrepreneurship in the agricultural sector demonstrate that the official employment rate (beta = -1.0244), job-seekers ratio (beta = -2.09494), exchange rate uncertainty (beta = -0.025), the government employment rate (beta = -1.2270) and graduation ratio (beta = -3.288) had a significant reverse effect on entrepreneurship in the agricultural sector, while rural population ratio (beta = 1.5647), economic growth (beta = 2.6883), openness rate of business space (beta = 1.5708), population gender composition (beta = 0.4884), inflation rate (beta = 0.0453) and financing rate of rural businesses (beta = 1.6895) had a direct and significant impact on entrepreneurship in this sector. These results are similar to those in the service sector and illustrate that the factors identified in the research in both sectors had the same effect regarding the types of impact on entrepreneurship.

5 | Friedman Test

Table 6 displays the results of the Friedman test to examine the financial factors on entrepreneurship in agriculture and service sectors.

Table 6. Results of the Friedman test to examine the financial factors on entrepreneurship in agriculture and service sectors.

Test Statistics Value	Degrees of Freedom	Test Error	Test Level	Test Result
503.911	4	0.01>	0.05	Validate

Table 6 shows that the value of Chi-square test statistics is 503/911 with a test error of less than 0.01, which concludes that the error level is less than 0.05. The significance of the Friedman test means that the ranking of financial factors affecting entrepreneurship in the agriculture and service sector is significant according to the research sample. *Table 7* displays the results of ranking the effective financial factors.

Table 7. Friedman results for investigating financial factors on entrepreneurship in agriculture and service sectors.

Prioritization	Factors	Ranking Average
First	Financing rural businesses	4.01
Second	The inflation rate	3.86
Third	Openness rate of the business space	3.45
Forth	Rural population ratio	2.332
Fifth	Economic growth	2.14
Sixth	Gender composition of the population	2.052

A comparison of the ranking average of financial factors affecting the entrepreneurship of rural businesses in the above table illustrates that the highest ranking average (4.01) is related to the financing of rural businesses. In other words, the growth of entrepreneurial activities in rural service and agriculture depends on design and using new financing methods for villagers.

6 | Conclusions

This study aims to explain the financial factors affecting entrepreneurship in small rural businesses. First, these factors, which include the rural population ratio, official employment rate, job-seeking population ratio, economic growth, openness rate of business, exchange rate uncertainty, government employment rate, gender composition of the population, inflation rate, graduation ratios, and financing rate, identified by interviewing and using previous research. To validate the effect of these factors, an evaluation of their impact in both the service and agriculture sectors and fitting regression models from 1379 to 1398 were used. The results showed that the official employment rate, job-seekers ratio, exchange rate uncertainty, government employment rate, and graduation ratio significantly affected entrepreneurship in the service and agriculture sectors. In contrast, the rural population ratio, economic growth, openness rate of business, gender composition, and inflation and financing rates directly and significantly impacted it.

According to the research findings, the increase in the official employment rate and the proportion of job-seekers has decreased rural entrepreneurship. It also can be concluded that the increase in official employment in the country and the job-seeking population (over 18 years old) does not necessarily cause an increase in rural entrepreneurship. Still, this employment seems more prevalent in the private and public sectors. The increase in exchange rate uncertainty will also reduce the reliability and stability of business plans, so it is expected to have a reverse effect on rural entrepreneurship because the income sources of rural businesses are not dependent on the exchange rate. In contrast, the costs of starting businesses and entrepreneurship in all areas of the country are directly related to it. Correspondingly, according to the results, the increase in government employment rates has decreased rural entrepreneurship, which shows that the employed population's acceptance of government employment has led to the loss of rural jobs and entrepreneurship in this area. Likewise, the reverse effect of the graduation ratio on rural entrepreneurship demonstrates that increasing the proportion of the educated population has reduced the tendency toward rural entrepreneurship. Therefore, with increasing job expectations, a decrease in rural entrepreneurship is also expected.

On the other hand, among the factors that have a direct impact on rural entrepreneurship, financing is the most important. Policy-makers contribute notably to developing rural entrepreneurial activities by creating financial incentives and fair distribution of resources throughout the country. In addition, the nature of the sources of financial facilities for small and medium-sized enterprises differs from that of large industries. Particular financial institutions should be defined to finance small businesses, and large institutions should be financed through the capital market.

After financing, the inflation rate is one of the most critical factors. It seems that the entrepreneur's attitude towards entrepreneurship and creating private careers is increasing with rising inflation. This impact can be attributed to the effects of inflation on public expenses, which in turn leads to a significant proportion of the population turning to entrepreneurship. Rural entrepreneurship will also be affected. These findings confirm the results of the research of Faraji Sabokbar et al. [16], Alavizade [17], and Rezaei et al. [18]. So, following the research findings, it is suggested that controlling inflation by stabilizing prices, facilitating the legal processes of registering and launching new businesses, reducing exchange rate fluctuations, educational policies to increase the capabilities of graduates, and increasing the proportion of the rural population by creating incentive schemes (to migrate from city to village) should be prioritized at the macro level.

Despite the importance of these results, there are also limitations in this study. This article focuses only on the financial factors affecting the development of small rural businesses in the agriculture and service sectors. In contrast, other economic factors, such as the degree of development of countries and the role of government, can be investigated in the future.

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