



The Role of Government Microcredits on the Development of Rural Entrepreneurship

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ABSTRACT

Today, one of the main areas of village people's participation in the development of society is the creation of small businesses and entry into entrepreneurship or self-employment. Rural entrepreneurship as a basic approach parallel to the goals of rural development can greatly contribute to the development and progress of villages. Currently, according to the challenges in the country's villages such as unemployment, low productivity rate, inflation, indiscriminate migrations and the high level of poverty, it seems that the development and expansion of the payment of financial resources, including microcredits, is a way that can lead to the development of these areas through increasing entrepreneurship among rural people. Therefore, the microcredit system is one of the solutions proposed in the last few decades with the aim of accelerating the investment process and strengthening the financial foundation and savings in rural areas and ultimately empowering the residents of rural areas. The present article examines the role of government microcredits on the development of rural entrepreneurship by using a library study. After presenting the research conducted by various researchers, it was concluded that according to the challenges in the villages of our country such as unemployment, low productivity rate, indiscriminate immigration and high poverty rate, it seems that the development and expansion of payment Financial resources, including microcredits, can lead to the development of these areas through increasing the entrepreneurial ability among rural people. Therefore, the microcredit system has been one of the solutions proposed in the last few decades with the aim of accelerating the investment process and strengthening the financial foundation and savings in rural areas and ultimately empowering the residents of rural areas.

Keywords

micro credits, rural entrepreneurship, rural development

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Introduction

In recent years, one of the strategies that has attracted the attention of experts and policymakers to eliminate poverty and reduce unemployment in different countries is the allocation of microcredits. This word literally consists of two words: small and financial. The real meaning of the word credit is small. The concept of microcredit is used beyond providing small and microcredit to the poor (Gupta, 2014). Nguyen (2008) considers microcredit as an important tool for promoting production and consumption, especially for poor households. Small loans facilitate and develop small businesses, stabilize previous employment and increase new businesses, and revive the rural economy by increasing awareness and knowledge of developing new businesses and creating self-employment opportunities (Macomb et al., 2001).

Official financial institutions play a decisive role in providing credit loans and helping the rural economy, which primarily target rural industries and entrepreneurship (Han, 2007). Considering the strategies of rural development and paying special attention to empowerment, reduction of rural poverty, reduction of migrations and the importance of the economic dimension of rural development, it can be said that creating a fundamental transformation in rural areas will be implemented with economic transformation in it, because creating motivation for activity By removing obstacles to economic growth, improving access to productive resources, supporting villagers, it leads to reducing vulnerability and creating more economic opportunities, improving living standards and welfare, and finally synchronizing it with regional and global changes, which has a direct relationship with the development economic of rural areas, and one of the ways to achieve this goal is to provide financial and credit resources, especially micro credits, and to orient them in the process of rural development. Access to microcredits in rural areas is a necessary condition, not a sufficient one; Therefore, other conditions such as provision of infrastructure, human capital, information, social and cultural factors are also involved in this matter (Eftakhari et al., 2017). The main purpose of this article is to investigate the role of government microcredits on the development of rural entrepreneurship based on library study and internet resources.

Entrepreneurship: Hisrich and Peters (2002) define entrepreneurship as the process of creating something different and valuable by devoting time and effort to it; with the assumption of accompanying financial, psychological and social risks as well as receiving financial, psychological, social rewards and personal satisfaction. Considering the need to give importance to the category of entrepreneurship in order to solve the unemployment crisis in the country, it is necessary to introduce suitable structures for the development of entrepreneurship to the entrepreneurs according to the economic system and the future perspective. Entrepreneurship can be called a dynamic process that includes the following (Ali Miri, 2017):

1. Willingness to take risks based on time
2. Net worth or career opportunity
3. The ability to form a team in connection with doing a risky task
4. Having creative skills in organizing the required resources
5. Having basic skills in planning and designing a coherent and sustainable career plan
6. Having a vision to find opportunities that others cannot find in a chaotic situation.

Robert and Stenberg (2004) have conducted a research on the necessary awareness to create a successful entrepreneurship and believe that a successful entrepreneurship requires a combination of factors such as analysis, creative mind (creative) and awareness and insight in practical aspects and It is practical. The research results show that one aspect alone cannot create all the needs of creating a successful entrepreneurship, but the combination of components can create a new cooperation for successful entrepreneurship. Entrepreneurship is known along with employment and economic independence (Idris and Agbim, 2015). Work and employment are a category that deserves the serious attention of the government and officials today. It should be noted that creating sustainable and productive employment, realizing entrepreneurship and paying attention to the category of work and economic growth cannot be achieved or continued by investing or using special technology, because these things are necessary conditions and not sufficient. The fact is that due to the necessity of transformation in the traditional and classic economy of the society, cross-sectional plans and industrial solutions are not effective and efficient in creating employment and production, and perhaps, if the cross-sectional plans for employment generation do not lead to sustainable employment, Their negative effects can be more than their positive effects (Begdeli, 2012). Based on

the theories and experiences obtained in growing economies, entrepreneurs are considered the engine of economic development and growth because they can cause sustainable economic growth and development of countries, increase productivity, create employment and social welfare (Ahmadpour and Azizi, 2018; Karimi et al., 2016; 2017). An entrepreneur does not wait for investment and job creation from the government (Ali Tavakoli and Mowahdi, 2015).

Rural entrepreneurship: The development of rural entrepreneurship has the potential to help diversify the income and amount of agricultural and non-agricultural production of villagers and provides suitable opportunities to reduce livelihood risk and increase sustainable food security in rural areas. Rural entrepreneurship can be one of the suitable fields for creating employment in agricultural and non-agricultural sectors (Farji Sobkbar et al., 2019). Therefore, it can be said that rural entrepreneurship is a new solution in development theories for empowerment and capacity building in rural areas in order to reduce the gap between city and village, create equal economic, social, environmental and institutional opportunities and is an important tool to reach Development is sustainable (Eftakhari et al., 2017). McElwee (2005) and Siddoho and Kaur (2006) believe that the growth of rural entrepreneurship causes rural women to have more access to the resources necessary for them to become entrepreneurs. Robert and Stenberg (2004) define rural entrepreneurship as the sum of the following three propositions:

1. A force that mobilizes other resources to respond to an unanswered market demand.
2. The ability to create something from nothing.
3. The process of creating value by combining a single set of resources in order to take advantage of an opportunity.

Microcredits: Definitions and concepts of microcredits are based on many components. Based on the amount received, "microcredit" is called credit, it is small in terms of amount, in some cases it is called small loans of several dollars and in some cases, it is called microcredits to loans of several thousand dollars (EC, 2003). In terms of the way credit is used, it is "credits" that are used to reduce poverty or start a small and generally self-employed business. In terms of payment terms, it is credit that is easily accessible, its terms are flexible, and its contract can be easily adjusted according to local conditions (Bakhtiari, 2009).

The World Bank considers microcredit as a process in which poor households receive credits in a specific period of time with long-term repayment and using social guarantees (Johnny Bank, 2006). In many countries of the world, both developed and underdeveloped, microcredits have been recognized as an important tool to reduce poverty (Lovitch, 2002) and achieve social justice (Derault, 2008). These credits are effective in equality of opportunities, unfair reduction of facilities, reduction of unemployment, empowerment of women, awareness and assurance of environmental sustainability and finally in sustainable development. Therefore, the Millennium Development Goals and sustainable rural development can be achieved through microcredits (Rajendran and Raya, 2010). Microcredits are not magic, but a solution that people can use to save themselves from falling into poverty. Various studies have shown that microcredits are really beneficial for poor and low-income families (Gupta, 2014) and play a very important role in increasing educational skills, self-employment training and the level of economic empowerment of entrepreneurs (Ankpoin and Bassi, 2008).

The microcredit program has been adopted with the aim of improving the economic situation, reducing unemployment and creating employment in the form of self-employment and entrepreneurship, eliminating social inequalities and reducing poverty in urban and rural areas, as well as increasing the participation of women in the labor market in many countries of the world. And for this purpose, micro financing institutions were created. These institutions cover about 10 million households in developed and developing countries (Gomez and Senator, 2003). Considering the importance of productive credits in the realization of growth and development, there have been major theoretical discussions regarding the distribution of this credit, in such a way that it ultimately leads to the formation of productive capital, economic growth, entrepreneurship and employment.

In the discussion of development, there are two denials or theories, which are known as the old and new ideas. In this section, we compare two concepts and the role of microcredits in development:

Table 1: The old and new concept of rural development and the role of microcredits (source: Emadi, 2014)

Attributes	old image	New concept
Target	Investment, capital trading and profitability	Empowerment and elimination of poverty through the flow of funds and creating employment opportunities
Audiences	Large producers and farmers	Villagers and the poor
Funds	Government resources and external and urban capital markets	Local resources and small savings of local people
Management style	Centralized and from top to bottom	Decentralized and relying on people
Work organization	Government with financial companies and large organizations	Diverse, networked and suitable for economic size
Mode of operation	Official and legal relations and the principle of credit for credit	Simple and based on the principle of transparency and the principle of trust

The beginning of the issue of rural loans and credits in Iran goes back to 110 years ago. In 1279, the Falahati branch of National Bank of Iran was established for the first time, with the aim of helping the rural community, reducing the hands of middlemen, loan sharks and usurers, and in 1312, it became an agricultural bank. After the establishment of Keshavarzi Bank in 1312, until today, many institutions, organizations and state cooperative companies have been established to extend credit to rural areas in Iran (Salami and Talachi Langroudi, 2002). Currently, Keshavarzi Bank and Omid Entrepreneurship Fund are the most important sources of microcredit payments in the field of agricultural development and employment and rural entrepreneurship. The method of paying microcredits of these institutions is mostly in the form of joint investment and participation in production units and payment of job creation facilities (Abdi et al., 2018).

Examples of research found in the field of the relationship between microcredit and rural entrepreneurship:

Bakhtiari and Pasban (2004) investigated the role of Keshavarzi Bank credits in the development of employment opportunities. The results of the research show that the credits of Keshavarzi Bank have had a positive effect on employment in the short term and on investment in the long term. In a study, Eftekhari et al. (2007) investigated the effects of using small loans of Keshavarzi Bank in the form of group payments in water supply projects for the development of agricultural activities. The results show that the small loans of Keshavarzi Bank have been able to play a significant role in the development of agriculture in the studied area. Rostami (2015) investigated the relationship between microcredit fund and rural women. The results showed that the importance of cooperatives is revealed, especially considering the coverage of a large amount of unemployed people, communication and creating network connections, creating economic, social and psychological benefits without the need for large investments. Mohammadi Yeganeh et al. (2009) in a study examine the position and role of microcredit in the development of rural entrepreneurship. The results of this study show that the payment of financial resources, including microcredits, is a way that can lead to the development of these areas through increasing the entrepreneurial ability among rural people.

Also, Rezvani et al. (2014) in a research show that the provision of microcredit has had a significant effect on the stability of the rural economy and has improved it. Finally, they conclude that for the stability of rural economy, it is desirable to develop an approach that looks at the downstream strata as agents and monitors of preventive policies such as granting microcredits. In a study on the role of microcredit in the development of rural women's entrepreneurship, Ali Tawakli and Mohadi (2015) showed that rural entrepreneurship as a basic approach parallel to the goals of rural development can greatly contribute to the development and progress of villages. Currently, according to the challenges in the villages of our country, such as unemployment, low productivity rate, excessive immigration and high poverty rate, it seems that the development and expansion of the payment of financial resources, including microcredits, is a way that can lead to the improvement of entrepreneurship among rural people. to the development of these areas. Therefore, the microcredit system has been one of the solutions proposed in the last few decades with the aim of accelerating the investment process and strengthening the financial foundation and savings in rural areas and ultimately empowering rural women. Khob et al. (2018) discussed the theoretical explanation of the role of government credits in the development of rural entrepreneurship. The results of the survey show that microcredits play a

facilitating role to create entrepreneurship and achieve development in rural areas; The poor rural households do not have the material assets to provide collateral for the loan, and they can receive the credit they need for entrepreneurship in rural areas with the support of their financial resources in the banks. The most common form of collateral replacement is the formation of groups of borrowers, the members of each group pledge each other's loans, and in this way, joint obligations are created, followed by worries and mental pressure due to the lack of collateral. It is reduced for borrowing. And with the important role they play in focusing and directing small rural capitals and creating partnerships and working groups, they can effectively contribute to the longevity of the population in rural areas. Abdi et al. (2018) also investigated the effect of government microcredits on entrepreneurship and sustainable rural development in Javanroud. The results show that microcredits have had an impact on the economic dimension in the first place, the socio-cultural dimension in the second place, and the physical dimension in the third place. Also, Pearson's correlation results show that there is a positive and significant correlation between government microcredits and the dimensions of sustainable rural development. In fact, government microcredits have been able to play an important role in creating sustainable entrepreneurship and employment, and ultimately sustainable rural development, at a 95% confidence level. Ghasemi and Yar Ahmadi (2019) investigated the role of entrepreneurship fund in the development of small rural businesses. The results show that from the point of view of rural small business owners, Omid Entrepreneurship Fund has had an effective role in starting and developing small businesses with an average of 3.5. In this regard, people who have used self-employed facilities have evaluated the role of the fund in the development of their business higher than the household and employer type. Also, from the point of view of borrowers, facilitating the process of receiving loans, reducing administrative bureaucracy, and establishing a balance between the amount of loans granted and the capital required to start a business will improve the performance of the Omid Entrepreneurship Fund in the development of small rural businesses.

In the field of foreign studies, it can also be mentioned that Huon et al. (2007) investigate the effect of access to microcredits by rural families in making a decision to create rural employment in China. The results show that the use of microcredits in rural areas of China is very important and among different types of government and non-government credits, they have made a major contribution in creating employment and rural entrepreneurship in other non-agricultural sectors. Edimo and Ibro (2010) investigate the impact of microcredit scheme on rural poverty. A small loan scheme from a non-governmental organization, the Youth Development Organization, has been investigated. The results show that currently there are huge potentials in microcredit projects to increase production, entrepreneurship and income, improve household living conditions and reduce poverty and increase employment in rural areas. Eugene Dararaja (2011) has conducted a study with the aim of identifying the role of microcredit program in empowering women in the developing area after the Jaffna war. The results showed that there is a positive and significant correlation between microcredits and empowering women for self-employment. Idris et al. (2015) in Zai's study investigate the effect of small credits and loans in reducing poverty and creating entrepreneurial opportunities for rural women in one of the states of Nigeria. The results of the study showed that micro credits significantly lead to an increase in education, economic empowerment and creation of entrepreneurial opportunities in the rural environment and credits have led to self-employment and development of existing businesses as well as creation of new businesses.

Conclusions and suggestions

Today, one of the main areas of participation of the residents of rural areas in society is the creation of small businesses and entry into entrepreneurship or self-employment. Entrepreneurship is a new paradigm that has been given the attention of development theorists with emphasis on empowerment and capacity building in rural society for the emergence of creativity and economic, social and natural capabilities of this society. Because rural entrepreneurship as a basic approach parallel to the goals of rural development can greatly contribute to the development and progress of villages. Currently, according to the challenges in the villages of our country such as unemployment, low productivity rate, excessive migration and high level of poverty, it seems that the development and expansion of the payment of financial resources, including microcredits, is a way that can be achieved through increasing entrepreneurial ability among rural people leads to the development of these areas. Therefore, the microcredit system has been one of the solutions proposed in the last few decades with

the aim of accelerating the investment process and strengthening the financial foundation and savings in rural areas and ultimately empowering the residents of rural areas.

The research conducted on microcredits in order to alleviate poverty and expand employment shows that the subject is always used with special attitudes, especially for low-income and rural areas, and the effectiveness of microfinance for poverty alleviation, empowerment, job creation and The equal access of all people to these facilities and opportunities depends on the methods of how to make payments, the process of granting facilities, monitoring the good performance of activities, etc. In this research, an attempt was made to analyze and analyze the effects of microcredits on poverty reduction, job creation, entrepreneurship and sustainable rural development by adopting a systemic and comprehensive approach. According to the findings of the research, receiving credits and starting a new business, in addition to enabling the villagers of Javanrood to increase their income and savings, create employment for other family members and outside of it, etc., it also has a direct positive effect on the process. Decision-making in the family has empowered people economically and socially. Unemployed youths and weak women of the city (mostly heads of households) have made positive changes in their financial and social situation and their participation in social and economic decision-making has increased.

Suggestions

1. Examining the managerial, entrepreneurial and technical knowledge characteristics of the applicants to receive facilities to reduce the amount of deviation in the cost of credits.
2. Development and expansion of the promotion system in line with the development of entrepreneurial culture.
3. Directing the payment of microcredits towards homeless women, rural youth, heads of households and people with entrepreneurial and creative ideas.
4. Increasing credits related to production affairs as well as reviewing the amounts of facilities on an annual basis and the rate based on inflation.

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