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PUBLIC POLICIES OF DEVELOPING COUNTRIES TO PROMOTE ENTREPRENEURSHIP

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Abstract: *The purpose of this paper is to analyze and study the role of government policy in the development of entrepreneurship and its effects on economic development. The research is based on existing literature on entrepreneurship, economic development and government policy business practices. This is because entrepreneurship is part of the economic development strategy that many countries around the world use to achieve macroeconomic benefits. The framework offers researchers and practitioners a starting point for deepening entrepreneurship policies and practices. For researchers, the framework explains the defining characteristics of the dimensions of entrepreneurship, government policy and economic development and their proposed relationships. Practitioners can use the framework to understand the role of government policy in entrepreneurship development.*

Keywords: Promoting entrepreneurs, provide a fair legal system, entrepreneurship education, financial support.

INTRODUCTION

Entrepreneurship is a versatile source of job creation and one of the most important effective factors of economic development in all countries. Therefore, every developing country should minimize restrictions, difficulties and obstacles in the way of entrepreneurs. Due to the government support policy, it is believed that the government will provide the indispensable resources within its capacity because it is responsible for the growth of the business. These resources include providing a company-friendly atmosphere that promotes entrepreneurship. In this regard, government policy is any activity that regulates, and improves the conditions of small and medium-sized enterprises for state support, implementation and financing. This term is used to promote entrepreneurship by creating an entrepreneurial environment where government policies are related to entrepreneurship. This is because entrepreneurship is the basis for the country's path to industrialization, it is through the trends that guide entrepreneurship in general.

In addition, the government must implement rules that are user-friendly to businesses. Pals.S. (2006) claimed that government policies related to entrepreneurship should be successfully implemented regardless of which government is in power to achieve the often persistently missing guideline goals [1].

LITERATURE REVIEW

In particular, government of most developing countries have invested great deal of efforts and resources in developing entrepreneurship policies in the past. The Chinese government has made concerted efforts to promote the growth of high technology firms through regulations and resources [2]. Due to government initiatives aimed at fostering the growth of both high-tech and low-tech businesses, the Brazilian entrepreneurial movement has taken off quickly [3]. According to recent research, the Kingdom of Saudi Arabia announced a ten-year plan for entrepreneurship and innovation in 2010 [4]. The goal was to position the Kingdom on an equal footing with highly competitive nations worldwide in terms of economics. In Malaysia, the government has set up several technology financing institutions with the aim of fully supporting the efforts of technology companies to facilitate Malaysia through the expansion of technology-related entrepreneurial activity. These include the creation of venture capital firms by the government to encourage investment in high-growth companies struggling to raise sufficient funds in the early stages of development. The foregoing clearly demonstrates the conflicting impact of government policies, especially in developing countries, in supporting entrepreneurship. Therefore, the link between entrepreneurship and performance is moderated by government policy.

METHODOLOGY

The following types of conclusions are presented for the role of government in developing and promoting entrepreneurship [5]:

Provide a fair legal system: Governments need to provide a fair legal system, with sound property and contract laws, and bankruptcy due process that reassures lenders and allows them to launch failed businesses.

Streamline business registration: Starting a small business takes a very long time on average around the world. If the registration procedure is simple, clear for everyone, and understandable at every step, it will take a few days to get your small business registered and open to entrepreneurs. It is a significant negative factor that causes constant delays. In New Zealand, new entrepreneurs can open a business in half a day with just one procedure. This index is higher in India and Venezuela, where it takes months or years to overcome many difficult procedures, regulations, documents and corruption if business plans are not delayed by states and governments. takes an average of 1-2 months to enroll.

Cultivate Diverse Sources of Funding: Economists suggest that having multiple sources of funding is more important than a huge pipeline. Governments can support new forms of capital, such as equity and peer-to-peer debt financing.

Enforce strong intellectual property laws: Both governments and commercial organizations need to enforce strong intellectual property laws to smooth the way for entrepreneurs to start their businesses [6]. For example, if IBM had not leased its new operating system (a deal made possible by intellectual property law), Microsoft might never have succeeded.

De-Stigmatizing companies for failure: Countries that do this have higher rates of apprenticeships. The European Commission's Competitiveness Council reports: “Empirically, the second attempt has a lower failure rate. We should help entrepreneurs and give them a second chance”.

Investment in education: Development experts believe government spending on education will be boosted [7]. More than a third of his American colleges are involved in starting new companies with small business incubators. Also, high school students should be given entrepreneurship education.

Simplify tax laws: Countries with favorable tax regimes enjoy simplified procedures and entrepreneurial support for setting up a large number of businesses. It takes an hour to simplify tax law so that everyone can start their own business.

SMEs in most Central Asian countries report difficulty accessing finance as the main obstacle to starting, maintaining and growing their business. Bank loans are a major source of foreign funding for SMEs in Central Asia and are central to most of the problems they face. Other forms of finance such as microcredit, credit unions, venture capital and asset-based finance are still underdeveloped. Both demand and supply issues hinder access to finance for small businesses. On the demand side, SMEs are exposed to high interest rates, stringent and systematic lending collateral requirements. Small businesses in particular usually face higher interest rates and tougher credit conditions. They are more likely to receive credit than large corporations and have less access to public funds than large corporations. Innovative start-ups and SMEs whose business strategy uses intangible products also need collateral to get loans. However, in Central Asia, only a small number of SMEs are actively funding working capital and financial resources. Less than 25% of middle-income countries and 33% of OECD countries rely on banks for working capital (World Bank). Across the region, private sector lending accounted for 28% of GDP in 2015, compared to 147% of GDP in OECD countries and 95% of GDP in middle-income countries

(World Bank) [8]. There are few other funding options such as early-stage funding from business angels, venture capitalists, or credit unions.

It is available in all countries of Central Asia with over 100 MFIs, Microfinance Institutions (MFIs) in each country of the region, but its relevance varies from country to country. They account for less than 5% of his total assets, but account for up to 17% of Tajikistan's outstanding loans, which represents a small fraction of assets across most of the territory. Their importance in sustaining the local economy should not be underestimated, especially in places where there are few bank branches and poor people like women entrepreneurs. The industry has significant expansion opportunities, including sourcing more local currency, diversifying product lines (different lending products, repositories, cash transfers and remittances), and consolidating and enhancing financial management of current financial institutions.

Russia-Kyrgyzstan Development Fund (Kyrgyzstan) – supports the growth and modernization of the Kyrgyz economy and Eurasian economic integration through economic cooperation between the two countries. Debt financing for banking initiatives in Kyrgyz economic priorities, including Russian engagement. Equity financing for companies based in Kyrgyzstan. Ensuring preferential access to medium- and long-term financing for Kyrgyz enterprises; Support the growth of Kyrgyzstan's financial sector, including the establishment of new financial services. Customer support in the development of modern management.

Alliance of Technology Commercialization Professionals (Kazakhstan) – A partnership of legal entities that collectively help create a technology marketing system within the Republic of Kazakhstan, boosting economic growth and social well-being in the country. ATCP's main mission is to bridge the gap between R&D and the market, and we aim to do so by helping build technology marketing systems. ATCP's main duties include developing the skills and capabilities of innovation actors and improving the regulatory and legal environment for the commercialization of technology and intellectual property.

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