

1 Entrepreneurship Has Emerged As the Economic Engine and 2 Social Development throughout the World

3 Dr. Ghirmai T Kefela

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5

6 **Abstract**

7 This paper consists of an introductory survey of two fundamental questions regarding the link
8 between international entrepreneurship and economic growth. The first step in establishing
9 the linkages requires the formulation of knowledge about the psychological make-up of
10 entrepreneurs. The paper explains that Entrepreneurial activity breeds innovation, injects
11 competitive pressures and develops opportunities in economies. It is the foundation in many
12 respects for broader economic development. Entrepreneurship policies are equally important,
13 as an engine of innovation, in developed countries as they are in developing or transition
14 economies. The purpose of this paper is to explain why the model of the entrepreneurial
15 economy maybe a better frame of reference than the model of the managed economy when
16 explaining the role of entrepreneurship in the contemporary, developed economies. While
17 borrowing constraints or other financial frictions affect entrepreneurship productivity and the
18 distribution of income by restricting agents from profitable occupations that require capital,
19 such as entrepreneurship, this paper is devoted to exploring issues aiming to increase national
20 wealth and to improve international competitiveness of the national economy.

21

22 **Index terms**— entrepreneurship, small firms, economic growth, economic development, policy

23 **1 INTRODUCTION**

24 International entrepreneurship involves a combination of innovative, proactive, and risk-seeking behaviors that
25 crosses country borders, and is supposed to create value in organizations. International entrepreneurship
26 uses technological and regulatory advances to improve the flow of information, transportation and resources
27 across global borders. International entrepreneurship may involve the discovery, enactment, evaluation, and
28 exploitation of opportunities-across country borders-in order to create goods and services. The strategic role of
29 the entrepreneur as an agent of economic transformation in society is visible in employment and wealth generation,
30 stimulation of indigenous entrepreneurship or promotion of entrepreneurial culture. In the recent development
31 literature occupational choice is at the center of the development process (e.g. Banerjee and Newman ??2000),
32 and Galor, 1993). Able individuals who start poor are doomed to remain poor.

33 Author : 2300 Airport Blvd. San Jose, CA 95110, USA 95110, USA. E-mail : gkefela@yahoo.com
34 Entrepreneurs produce solutions that fly in the face of established knowledge, and they always challenge the
35 status quo. They are risk-takers who pursue opportunities that others may fail to recognize or may even view as
36 problems or threats. Whatever the definition of entrepreneurship, it is closely associated with change, creativity,
37 knowledge, innovation and flexibility-factors that are increasingly important sources of competitiveness in an
38 increasingly globalized world economy. Thus, fostering entrepreneurship means promoting the competitiveness
39 of businesses.

40 The paper advocated a shift in paradigm in rethinking entrepreneurial failure in the developing countries. In
41 these models, borrowing constraints or other financial frictions affect productivity and the distribution of income
42 by restricting agents from profitable occupations that require capital, such as entrepreneurship. To understand the
43 significance of entrepreneurship for national economies it is important to consider cross-border entrepreneurship
44 or the involvement of SMEs and new ventures in the international economy. Cross-border activities, such as

1 INTRODUCTION

45 exports, are an important means through which small and new ventures are able to create value, to generate
46 growth and to access new knowledge and technologies abroad (Yeoh, 2004). Governments support crossborder
47 entrepreneurship and in particular exports with the aim to increase national wealth and to improve international
48 competitiveness of the national economy (OECD, 1997). The missing links to successful entrepreneurship were
49 identified to be entrepreneurial competencies, defined as the cluster of related knowledge, attitudes, and skills
50 which an entrepreneur must acquire or possess to enable him produce outstanding performance and maximize
51 profit in the business. These entrepreneurial competencies were the critical success factors to entrepreneurship,
52 and they deserve serious consideration in entrepreneurial discourse and not to be neglected.

53 Entrepreneurship, as measured by various indicators such as start-up activity rates or the increase in business
54 ownership, plays an important role in national economies (Van Stel, 2006). Entrepreneurship is considered to
55 be an important mechanism for national economic development e.g. through its contribution to the generation
56 of employment and innovation (Acs and Audretsch, 2003; Baumol, 2002; Carree and Thurik, 2003; Wennekers and
57 Thurik, 1999; Schumpeter, 1934). However, considerable differences exist between countries in the extent to which
58 entrepreneurship is growth- or innovation oriented (Autio, 2007; Hessel, van Gelderen and Thurik, 2008a), and
59 consequently in the extent to which entrepreneurship contributes positively to national economic development.
60 Therefore, it is essential for scientists, policy makers and entrepreneurs, to gain insight into the factors that affect
61 the emergence of entrepreneurship and into the economic outcomes of entrepreneurship. A substantial part of
62 this paper is devoted to exploring such issues. One particular type of entrepreneurship that receives considerable
63 attention in this paper is international entrepreneurship.

64 Knowledge has typically been measured in terms of R&D, human capital, and patented inventions. Many
65 scholars have predicted that the emergence of knowledge as an important determinant of growth and competi-
66 tiveness in global markets would render selfemployment and small firms even more futile. Despite these forces,
67 small and young firms have returned as the engine of economic and social development in highly developed
68 economies. This return required a dramatic economic switch. Audretsch and ??hurik (2001a, 2004) call this the
69 switch from the managed economy to the entrepreneurial economy. The model of the managed economy is the
70 political, social, and economic response to an economy dictated by the forces of large-scale production, reflecting
71 the predominance of the production factors of capital and (mostly unskilled) labor as the sources of competitive
72 advantage.

73 As additional studies were conducted and articles published, interest in the arena increased, and the field
74 of international entrepreneurship broadened from its early studies of new venture internationalization theory.
75 (Zahra, Ireland & Hitt, 2000) have all helped move the field forward. Reflective of the multidisciplinary nature
76 of both entrepreneurship and international business, researchers have drawn upon theories and frameworks from
77 international business, entrepreneurship, anthropology, economics, psychology, finance, marketing, and sociology.
78 The entrepreneurs in turn exploit the available opportunities in the society or their environmental domain,
79 to create or develop new products or services, thus adding value to society while equally maximizing benefits
80 or profits. The impact of the activities of the entrepreneurs or small and medium enterprises (SME) on the
81 socio-politicoeconomic life of emerging economy is quite obvious. It is clear that the domain of international
82 entrepreneurship is rich in opportunity.

83 Because the field is broad, there are many interesting research questions to be explored, and many existing
84 theories may be beneficially employed. Opportunities for both multidisciplinary and multicountry collaboration
85 are clear.

86 Entrepreneurship has been an engine of sustained economic expansion in both developed and emerging
87 economies (e.g., Baumol, 2002; Peng, 2001; Smallbone & Welter, 2001; Thornton, 1999). One critical success
88 factor for entrepreneurial firms is gaining sufficient access to external sources of finance (Ahlstrom & Bruton,
89 2006; Le, Venkatesh, & Nguyen, 2006). This is particularly true in emerging economies because such resources are
90 severely constrained. For example, capital markets, venture capital, and angel investors are typically at nascent
91 stages of development. As such, bank loans tend to be the only significant formal sources of external funding for
92 private small and medium-sized enterprises (SMEs) in emerging economies. Therefore, a key challenge for many
93 entrepreneurs is to find a means of accessing bank loans efficiently. a) What Is International Entrepreneurship?

94 The rules of entrepreneurship still apply in principle, but the medium has changed drastically. This is probably
95 the best time in our history to pursue entrepreneurship. Entrepreneurs are defying the logic and business rationale
96 to make things happen individually. Days are when you needed huge capital and veteran management teams to
97 form companies and to wait for another several years to rake in the profit. International business scholars W
98 Wright and Ricks (1994) highlighted international entrepreneurship as a newly emerging research direction, and
99 it became clear the arena included (1) comparisons of entrepreneurial behavior in multiple countries and cultures
100 as well as (2) organization behavior that extends across national borders and is entrepreneurial. While these
101 foci have remained over time, the definition of "international entrepreneurship" has moved from a very broad
102 one, which avoided prematurely proscribing important nascent interests (Giamartino, McDougall, & Bird, 1993),
103 to excluding nonprofit and government organizations to be consistent with the commonly accepted definition of
104 "international business" (McDougall & Oviatt, 1997). One trait that is common with both entrepreneurs is that
105 each of them is leveraging on simple inexpensive tools that are readily available to most entrepreneurs. You might
106 ask how these successful online ventures are relevant to the conceptual economy. Conceptual economy encourages
107 entrepreneurs to use both left and right brains. Entrepreneurship generally doesn't depend on their technical and

108 subject matter experts, but only focusing solely on their technical skills. Rather, they are conceptually leveraging
109 on their technical skills as well as testing their creative skills to conceptualize, design, develop and market their
110 ideas -in most cases on their own without any help.

111 However, to be consistent with the interests of entrepreneurship scholars in such issues as social entrepreneurship,
112 that exclusion was eliminated: The definition of entrepreneurship, however, is a matter of continued
113 debate. As a result, the meaning of entrepreneurship continues to evolve. The idea that entrepreneurship is a
114 combination of innovative, proactive, and risk-seeking behavior finds its origins in strategic management literature
115 (e.g., Covin & Slevin, 1989; Miller, 1983) Among the factors contributing to the success of the U.S. economy over
116 the past decade-as reflected in the doubling of productivity growth compared to the preceding two decades-is
117 the continued transformation of the U.S. economy toward a more entrepreneurial form of capitalism. In such
118 a system, innovative new firms play an unusually central role in developing and commercializing the radical
119 technologies that provide the underpinnings to whole new ways of doing things and enjoying life. In the last
120 century, innovations which have changed the social and economic landscape in the United States and in much of
121 the rest of the world, such as the automobile, airplane, air conditioner, the personal computer and its operating
122 system, and, most recently, many of the leading Internet-based business models, all were commercialized by
123 entrepreneurs (Ewing Marion, 2007). Despite these counteracting forces, entrepreneurship has emerged as the
124 engine of economic and social development throughout the world. The role of entrepreneurship has changed
125 dramatically, fundamentally shifting between what Audretsch and Thurik (2001) introduced as the model of the
126 managed economy and that of the entrepreneurial economy. The purpose of this paper is to explain why the
127 model of the entrepreneurial economy maybe a better frame of reference than the model of the managed economy
128 when explaining the role of entrepreneurship in the contemporary, developed economies.

129 b) The Emergence Of The Entrepreneurial Economy

130 In Developing Countries Schøtt, and Jensen, (2008) argue that developing countries are prone to implement
131 policies that are based on experiences in developed countries which have not proven to transfer fittingly to
132 developing economies, (2) are only partly implemented and are not internally consistent as a result of a lack of
133 resources to do so, and (3) are more beneficial on paper than on actual activity. Following this perspective,
134 the pairing between entrepreneurship policy and entrepreneurship activity is hypothesized to be lower for
135 developing countries than for developed countries. Given the painstaking and careful documentation that large-
136 scale production was driving out entrepreneurship, it was particularly startling and seemingly paradoxical when
137 scholars first began to document that -what had seemed like -the inevitable demise of small business, began
138 to reverse itself from the 1970s onwards. Loveman and Sengenberger (1991) and Acs and Audretsch (1993)
139 carried out systematic international analyses examining the re-emergence of small business and entrepreneurship
140 in North America and Europe. Two major findings emerged from these studies. First, the relative importance of
141 small business varies largely across countries, and, secondly, in most European countries and North America the
142 importance of small business increased since the mid-1970s. In the United States the average real GDP per firm
143 increased by nearly two-thirds between 1947 and 1989 -from \$150,000 to \$245,000 -reflecting a trend towards
144 larger enterprises.

145 **2 II. SIGNIFICANT CONSTRAINT ON FUTURE ENTREPRENEURS IN DEVELOPING COUNTRIES**

146 The most significant constraint on their future entrepreneurs growth is the difficulty finding and attracting
147 "talent"-highly skilled, entrepreneurial workers. This also looms as one of the more important challenges facing the
148 developing economy. Meeting this challenge will require major, entrepreneurially driven improvements throughout
149 their educational system (K-12 through graduate school) that allow more choices for students and their families;
150 improved schools from which to choose; accelerated learning opportunities; increased funding for college and
151 graduate-level training; and research and development in engineering and the physical sciences. In addition, the
152 nation could benefit from more enlightened immigration policies, designed to attract and retain highly skilled
153 citizen workers and potential entrepreneurs to start and work for new businesses.

154 Innovative entrepreneurship cannot occur unless the innovation pipeline is full and incentives for commercializing
155 innovation are in place. The distinctions between growth-oriented entrepreneurs in developing and developed
156 markets are rooted in the inefficiency of markets in many developing countries, but the response of entrepreneurs
157 to these inefficiencies is often surprising and counterintuitive. The wealth and poverty Where it has existed
158 in plenty, entrepreneurship has played an important role in economic growth, innovation, and competitiveness
159 and it may also play a role over time in poverty alleviation (Landes 1998). Yet, entrepreneurship in developing
160 countries is arguably the least studied significant economic and social phenomenon in the world today. Over 400
161 million individuals in developing countries are owners or managers of new firms (Reynolds et al. 2004). Of these,
162 over 200 million are found in China and India alone, compared with just 18 million entrepreneurs in the United
163 States. Yet, in one of the best general books on the state of research on entrepreneurship, China is mentioned on
164 two pages and India is not mentioned at all (Bhidé 2000). In particular, the cognitive bias of overoptimism has
165 helped us to understand why entrepreneurs start businesses in the face of odds of firm survival (often less than
166 50%) that would argue otherwise. In relation to developing countries, the most rewarding future research effort
167 in this area may be to analyze the "differences in ambiguity aversion, selfcontrol, susceptibility to framing and so

4 B) ENTREPRENEURSHIP POLICY AND ACTIVITY IN DEVELOPING COUNTRIES

169 (that) play a crucial role in the formation and evolution of businesses" (Bhidé 2000). How these differences may
170 vary across countries, and the underlying drivers of these differences, may help us to gain a better understanding
171 of why some countries have more successful entrepreneurs than others.

172 3 a) Entrepreneurs in developing countries face a different set 173 of circumstances

174 Opportunities for entrepreneurs in developing countries are broader in scope than in developed markets, allowing
175 firms to pursue a portfolio approach to strategy that can efficiently manage the higher levels of business and
176 market risk. Entrepreneurs in developing countries face a different set of circumstances than their counterparts
177 in developed economies. These differences are rooted in the underlying economies in which they operate. It
178 is clear that the domain of international entrepreneurship is rich in opportunity. Because the field is broad,
179 there are many interesting research questions to be explored, and many existing theories may be beneficially
180 employed. Consequently, the opportunity for entrepreneurship in emerging markets is pervasive. While Western
181 entrepreneurs operate at the fringes of the economy, emerging market entrepreneurs operate closer to the core
182 -the needs and opportunities are more widespread. Entrepreneurs in emerging markets rely very heavily on
183 informal sources of finance to start their businesses; these sources provided between 87% and 100% of the outside
184 capital raised by entrepreneurs (Bygrave 2003). Other sources of financing typically targeted by development
185 finance institutions interested in improving access to finance in the emerging markets-bank lending and venture
186 capital-play a very limited role at present in financing entrepreneurs, at least in the startup stage.

187 Inadequate access to capital and fragmented retail and distribution often require entrepreneurs to begin
188 businesses downstream with direct access to the end customer. Starting downstream businesses reduces initial
189 capital requirements as working capital is much reduced and permits access to customers and information flow
190 that is frequently lacking. Access to such information is often overlooked as a key success factor. Lack of access
191 to the end customer is a primary reason for the failure of South American businesses to move beyond commodity
192 markets into higher value added activities (Fairbanks and Lindsay 1997). Having achieved success in retail
193 and distribution, successful entrepreneurs often leverage the domain experience, information flow, and cash flow
194 generated to vertically integrate and move into upstream businesses.

195 Research on the determinants of private savings in developing countries suggest that countries that have
196 experienced economic instability are more likely to have higher rates of private saving, maintained as an
197 insurance mechanism (Loayza, Schmidt-Hebbel, and Servén 2000). Crisis represents opportunities; at least
198 as far as forming the pools of private capital necessary for startup finance is concerned. Moreover, while
199 successful entrepreneurship is correlated with urbanization, urbanization also results in an increase in individual
200 consumption and a concomitant decrease in private savings. Thus, successful entrepreneurs are likely to find
201 ways to access the greater pools of private saving in the countryside in order to start their businesses. This
202 highlights the possible importance of well-developed family networks that span both urban and rural areas. How
203 such private rural savings are intermediated into urban entrepreneurship is not at present well understood and
204 almost certainly will vary by country.

205 Scholars have categorized the institutions that shape entrepreneurial behavior into three main groups: I.
206 property rights; II. contract enforcement; and III. entry costs and regulation. asserts that the most important
207 effect of recent entry costs and regulation reforms in developing countries (as measured by the World Bank's Doing
208 Business initiative) has been increased movement of informal firms into the formal economy. Recent research
209 by Malesky and Taussig (2008) using firm survey data from Vietnam, in turn, finds time spent in the informal
210 economy before registering as companies is significantly lower when property rights are stronger, but finds no
211 effect for contracting institutions. We hypothesize that a less favorable regulatory environment means higher risks
212 of doing business and therefore increases the importance of property rights in shaping entrepreneurial strategy.
213 Improving regulatory conditions through measures such the Enterprise Law should then lower investment risks
214 and thereby diminish the pivotal role of property rights.

215 4 b) Entrepreneurship policy and activity in developing coun- 216 tries

217 While the increasing importance of entrepreneurship for economic growth has widely transferred into national
218 as well as international political agendas, not all national governments have been equally successful in devising
219 policies that have generated economic growth. Notably, developing countries have been significantly less able to
220 stimulate national economic growth when compared to developed countries. Easterly (2001) reports, that whereas
221 median per capita income growth in developing countries in 1960-1979 was 2.5 percent, it declined to 0.0 percent
222 in 1980-1998 -a period that Easterly terms as "the lost decades". By a lack of entrepreneurship policy support
223 entrepreneurial activity per see, but rather a consequence of the circumstance that the entrepreneurship policies
224 in developing countries are less fit for the local economic and cultural contexts in which they are implemented
225 (Meyer et al., 1997), and that the coupling between policy and action is looser in developing countries than in
226 developed countries (Drori, 2003).

227 From an institutional perspective, people engaged in policy-making are much more enactors of scripts from
228 institutionalized worldwide models defining legitimate agendas for local action, than they are actors pursuing
229 rational responses to internal and external contingencies (Meyer et al., 1997). Yet, from a functional perspective,
230 elements of worldwide models are often not internally consistent and are often poorly fitted to local practices.
231 In addition, elements of world models are often adopted electively and diffused at various levels. In turn these
232 inconsistencies form the basis for a loose coupling between purpose and structure, between intentions and results,
233 and hence disconnect between policy and activity is likely to result (Meyer et al., 1997).

234 Yet, decoupling is more likely to exist under some circumstances. The availability of resources in a country not
235 only affects the likelihood of a fit between scripts from the world models and the local practices of the country,
236 but also affects the ability of the country to adopt such scripts for national policy, planning and activity. This
237 means that more elaborate models exist to describe entrepreneurship in developed economies than in developing
238 economies. Adopting entrepreneurship policy scripts from the world model toolbox may necessitate a substantial
239 amount of resources available for the local government in order to implement the necessary actions to support
240 local entrepreneurship.

241 Given that less developed countries do not have such resources; it is likely that even if scientific recom-
242 mendations are included in public policies, that implementation of the necessary activities will not happen
243 accordingly. The theory is that developed countries have a tight relationship between entrepreneurship policy
244 and activity, whereas for developing countries there will be a loose coupling between entrepreneurship policy
245 and entrepreneurship activity. Yet, the conceptualization of tight versus loose pairing extends beyond that of
246 interdependence between system elements. As noted by Weick (1976) loose coupling describes a situation in
247 which elements are responsive to one another yet retain much separateness and identity. This conceptualization
248 of loose coupling allows system elements to, on the one hand, act rationally on the technical level, while on the
249 other, being faced with indeterminateness on the institutional level being exposed to outside forces (Orton and
250 Weick, 1990).

251 c) The framework policy promote entrepreneurial enterprises in USA Economist Joseph Schumpeter described
252 that not every business owner is an entrepreneur -far from it. Consequently, he described as a true entrepreneur
253 somebody who breaks through existing conventions by devising a new product, a new production process, a
254 new business model, or by entering a new, untapped market. If entrepreneurs play such an important role, we
255 would like to have more of them and enable them to be successful. This inevitably leads to the question of
256 what (if anything) can be done to help and foster entrepreneurship, especially through public policies. But our
257 admiration of innovative entrepreneurs, especially in high tech, is not only naïve infatuation. It is linked to the
258 evolution of USA economy. We are transitioning from an industrial economy, based on labor and capital intense
259 mass-production of goods, to a knowledge economy, in which information and knowledge are becoming coequal
260 in importance to capital and labor. In such an economy, the person who can take a radically new idea and bring
261 it successfully to market is of central importance.

262 Our purpose here is to concentrate on the policy framework that can best promote the development and
263 growth of these entrepreneurial enterprises-in short to sustain and deepen the transition away from the managerial
264 capitalism of the 1950s and 1960s (when citizens and policymakers looked to large established firms to carry the
265 economy) to the entrepreneurial capitalism of the last several decades and which we are currently witnessing
266 today (where much driving force behind the economy's growth is being provided by rapidly growing new firms).
267 This is not to ignore the importance of the many millions of smaller businesses whose owners intend for them
268 to remain small or to grow only modestly. These firms also greatly contribute to US economy, while sustaining
269 the lives of their proprietors and families. But the relatively small fraction of all entrepreneurs who bring to
270 market new or innovative products or services or means of producing or delivering them deserve society's special
271 attention because these innovations deliver benefits widely throughout the economy, raising its productivity and
272 the standard of living. Concerning the path of development, Lall (2001) says that the appropriate strategy for
273 any country depends not only on its objective economic situation but also on its government policies and national
274 views regarding the appropriate role of the state.

275 In the West, the resulting industrialization and economic development were based on the establishment of
276 individual property rights that encouraged the growth of private capital. Competition and individual enterprise
277 thrive in this environment because individuals pursue their self-interest of survival and wealth accumulation. The
278 instinct to survive under competitive pressures yields innovation and productivity increases, which eventually lead
279 to both increased profits for business and lower prices to consumers. However, the rise and spread of capitalism
280 led a number of thinkers to examine the consequences of the market-based approach to development. Socialists
281 argued that capitalism (or private ownership of capital) can lead to greater inequalities of income and wealth,
282 while developmental economists argued that private decisions may not always lead to socially desirable outcomes
283 (particularly in the case of market imperfections). Indeed, many policymakers at the time saw market failures as
284 quite common and therefore assumed that only appropriate government interventions could guide an economy
285 to a path of sustained economic development (Krueger, 1993).

286 The most prevalent and compelling views of entrepreneurship focus on the perception of new economic
287 opportunities and the subsequent introduction of new ideas in the market. As Audretsch (1995) argues,
288 entrepreneurship is about change, just as entrepreneurs are agents of change; entrepreneurship is thus about
289 the process of change. "Entrepreneurs are agents of change and growth in a market economy and they can act to

7 IV. CONCLUSIONS

290 accelerate the generation, dissemination and application of innovative idea. Entrepreneurs not only seek out and
291 identify potentially profitable economic opportunities but are also willing to take risks to see if their hunches are
292 right" (OECD, 1998, p. 11).

293 5 III.

294 6 RESULT AND FINDING

295 Entrepreneurial activity has a direct impact on society by providing increased consumer choice; more appropriate,
296 affordable and even indispensable services; and further employment opportunities both directly and indirectly
297 through suppliers. Entrepreneurial activity breeds innovation, injects competitive pressures and develops
298 opportunities in economies. It is the foundation in many respects for broader economic development. The
299 key role of entrepreneurship is now increasingly recognized by international policy makers as perhaps the key
300 element in national development strategies. Entrepreneurship policies are equally important, as an engine of
301 innovation, in developed countries as they are in developing or transition economies.

302 In many countries, in particular developing countries but also in developed countries, the regulatory
303 environment with which entrepreneurs find themselves faced can be both oppressive and emasculating. Employers'
304 organizations have a key role to play in publicizing the benefits of formalizing economic activities. Entrepreneurs
305 are often faced with an array of barriers and obstacles -such as business registration or access to workable systems
306 of contract enforcement. In the more short to medium term employers' organizations can urge governments to
307 develop incentives to innovate, through intellectual property rights and, perhaps most importantly, capitalizing on
308 existing technology developments. Even if countries are not inventors of technology they can still be beneficiaries
309 through the importation of technology -this is a well traveled and proven path for many countries.

310 Governments must genuinely aim to create the space for entrepreneurship to flourish and for a culture of
311 innovation to take hold. A good investment climate (such as good social and physical infrastructure; environment
312 conducive to enterprise development; good governance structures, rule of law, property rights, etc) makes it easier
313 for firms to enter and exit markets in a process that contributes to higher productivity and faster growth.

314 7 IV. CONCLUSIONS

315 The key role of entrepreneurship is now increasingly recognized by international policy makers as perhaps the
316 key element in national development strategies. Entrepreneurship policies are equally important, as an engine of
317 innovation, in developed countries as they are in developing or transition economies. We further used the Human
318 Development Index as an indicator of a country's stage of development.

319 We therefore advocate for a Schumpeterian approach to policymaking in order to facilitate entrepreneurial
320 activities: policy frameworks should not be seen as regulatory backdrops that are designed to provide stability,
321 but as dynamic tools to create and bring about opportunities that entrepreneurs can seize and exploit. Policy
322 makers, particularly in developing countries, have limited resources that must be used strategically and efficiently.
323 Organizations that leverage their expertise and resources, pursue policies systematically and have strategies to
324 achieve initiatives that within their competencies and capacities are likely to have the most success in advocating
325 policies to foster entrepreneurship. Of course, as all entrepreneurial activity, they also entail risks. But devising
326 successful policies for entrepreneurship is not an impenetrable black box. A preliminary analysis yields three
327 rules-of thumb policymakers should heed in designing Schumpeterian policies that can be summarized as act,
328 experiment, and risk. ^{1 2 3}

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Figure 1: .

(Lumpkin, G. & Dess, G. (1996) highlighted a variety of "entrepreneurial distinguished entrepreneurship itself, which they equated with new entry, or the act of launching a new venture.

orientation" dimensions and them from the definitiofn

Figure 2:

329 Author: Dr. Ghirmai T. Kefela, Ph.D. International Business, The material presented by the author
330 does not necessarily represent the viewpoint of editors, and as well as the authors' institute. Dr. Ghirmai
331 Kefela -Operations Manager, DTAG Inc. 2300 Airport Blvd. San Jose, CA 95110, USA 95110, USA.
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335 it is not currently on offer to another publisher; and transfer copy rights to the publisher of this journal after the
336 paper is

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7 IV. CONCLUSIONS

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