

## **Government's Role to Encourage the Growth of Entrepreneurship in Pakistan**

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**Abstract:** *The specific objective of this study to make the understanding concerning what role government has to perform in order to nurture and groom entrepreneurs, the hurdles and complications entrepreneurs had come across, the means by which the government had control these problems, and the sources of government help accessible to entrepreneurs, so as to increase entrepreneurs & enlarge the prospects for the bright & innovative ideas and boost up the economy of a country. The economic growth of any nation can gear-up through entrepreneurship and innovative ideas. The industrial health of a society depends on the level of entrepreneurs exists in it. Cultivating of entrepreneurs (dependent variable) and the societal factors (independent variable) including political stability and government strategies is the main concern of focus in this study.*

**Keywords:** *Government, Society, Pakistan, Entrepreneurship, Policies, Economic Growth*

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### **I. Introduction**

Entrepreneurship is widely common for decades in the professional world but recently, after growing steadily since 1950's, as downsizing and cutting of payroll forced the employees to consider other options, the only option that they were left with was to start something on their own, as the better use of their skills and time. It was comparatively more better than being employed anywhere because of the freedom and quality of life that can be availed by earning more in one's own business. Advances in technology have created more opportunities for small and new entrants to compete in the global market. One should be creative enough to start his own business, along with a broad and open vision and mission of the business idea, the process and the risk. In other words, it is all about converting sources in to resources.

According to Peter Drucker, an entrepreneur searches for change, responds to it and exploits opportunities. Innovation is a specific tool of an entrepreneur hence an effective entrepreneur converts a source into a resource.

To boost the economic growth, creation and growth of business plays a very vital role. To make a business grow, you need to have innovation and find what is demanded and come up with a unique idea in the market. Successfully achieving this, you can return to your economy through taxes, wages, procurement, capital investments, and returns to investors.

At the same time government should always cater this and make such reforms that would welcome new entrants and give them free grounds to ensure their growth and entertain their concerns regarding the matters that come under the lawful agencies.

### **II. Entrepreneurs Driven Economic Growth**

Many people questioned that how economic development may occur through entrepreneurship? The response in contrast to this question would be simple. Creating jobs could be possible if we promote entrepreneurship. Because entrepreneur produces new ventures and new ventures turn out to be the primary source of job creation. This successively indicates to a dynamic national economy.

Unemployment is the chronic problem of developing nations. In order to eliminate this problem, it is necessary for developing nations, to promote entrepreneurship activities because it provides instant large-scale job opportunities. By means of establishing more and more ventures by entrepreneurs both large and small-scale, many job opportunities could be created in a country. As time goes, these ventures rise, ultimately new employment opportunities increasing directly and indirectly to others. Thus, we can say that entrepreneurs play a vital role in decreasing the scarcity of employment opportunity in the country which in turn unblocks the path towards economic growth of the nation.

Economic development of a country may take place where the real per capita income rises with the passage of time, which may result in a process of upward change. Entrepreneurship is mainly linked with generating capital via production of goods and services. It is one of the ways of entrepreneurs to explore

great opportunities. They always seek to discover and make the most of opportunities, uplift fruitful resource mobilization of funds and skill. For the growth of economy, they keep trying to bring in new goods and services and cultivate marketplaces. In this manner, entrepreneurs improve GNP as well as per capita income of the people. This is a sign of economic development in a country, where gross national product and per capita income of the people is increasing.

In the domain of entrepreneurship, two important contributions were made during the decade's end 1960s. First was that there is a strong connection between entrepreneurship and economic growth and the second was related to the development of a powerful hypothesis that the level of entrepreneurship can rise through organized exertions. At the other hand, stakeholder realized that the industrial growth of a region get trapped due to the lack of government support. Therefore, it is necessary to identify and develop the first generation entrepreneurs through stimulating entrepreneurial development programs. It is one of the common perceptions about the economic growth that presence of generous resources and encouraging governmental policies can automatically improve the economic system. It may increase entrepreneurial activities, which may transmute the economy of that region. In order to prosper the goal of economic development both the capability and expertise of entrepreneurs are of utmost importance.

### **III. Societal Boom through Entrepreneurship**

In order to promote organization's approach to entrepreneurship it is vital to understand the roles played by different societal stake holders and to emphasize or reinforce that each of the stakeholders has an enthusiasm to thrive entrepreneurship on national level.

Innovation is the key that opens the door of entrepreneurial activities. As it is demand driven, entrepreneurial activity is about providing choices according to given market. Since entrepreneurship is about new ideas, it needs new people as well who can considerably decrease the unemployment graph both directly and indirectly once the entrepreneur has his hands on the financial resources.

As mentioned earlier, entrepreneurs are innovative enough that they can offer goods and services on very affordable rates. Their best use is in the regions where people are unable to afford health care or education services, entrepreneurs come in handy to fill these gaps.

Economy of the country will flourish if Government supports entrepreneurial activities, it will result in increasing the tax base but the benefits will be enormous in terms of employment opportunities, nurturing trade relationships opening new horizons for investment, numbers of suppliers will increase and economy will flourish.

Trade Unions However have taken indifferent approach towards entrepreneurship, but they need to understand the significance that novice entrepreneurs of today will be the employers of tomorrow, if they will be position as someone who will be the driving force of our future and will bring enormous growth and prosperity to the country their significance will no longer be denied by the trade unions.

### **IV. Government's Role to Support the New Breed of Entrepreneurs**

Government is responsible to provide all basic facilities to the people, so that it could not only develop numerous qualities in the people but also create positive impact on economic improvement of the people. Basic facilities includes, stress-free financial funding policies, low-cost loan facility with soft terms and conditions, stable political condition, conduct public awareness programs, higher education facilities, adequate infrastructural facilities can be of great help to the development of better skills in the people

It is realized that small businesses have a greater role in economic development. Due to extensive array of causes, small businesses have critical significance for each state financial system. Rationally, the policies of government demonstrate such attention in promoting entrepreneurship. In order to generate employments, there is no easy approach to raise Gross Domestic Product and enhancing living standard of nation than promoting entrepreneurship and to give confidence who have the guts to establish their own venture. Every existing and thriving venture means to create a new employments and expansion of Gross Domestic Product.

Socio-economic problems are facing by all of the world's countries. In every country these problems are presented, however the champions are those who defeat most if not all of them. The major responsibility comes on government shoulders in order to assist entrepreneurs to discover new ventures and provide them shelter to transform the opportunity they have identified into something significant. New ventures cannot prosper without having an adequate infrastructure like electrical energy, water, roads and rail network, transportations, telecom services, necessary proficiency training, adequate educational system at all stages. The government is accountable to provide all these facilities to private enterprises. It is also very essential whether district level or provincial level as well as federal government responsible to provide above mentioned facilities.

To encourage private enterprise growth and job creation the government can support it by nurturing by providing trade and industry environment. It means realistic terms and conditions, low interest rate, access to the financial institutions, access to the finance and credit for entrepreneurs with easier access to funds for all businesses, free trade facility for both local and international market. It is also required of the government to provide the excellence of mentoring facilities, particularly with consider to counsel at start-up, expanding market for entrepreneurs, support entrepreneurship development programs, funding for support information, the consciousness of business prop up opportunities, the level of system of government concerned in new ventures expansion, particularly with consider to the procedure of job creation. To turn out to be a facilitator, the government be supposed to perform a source of resources to prop up the advisory bodies. The government can generate cumbersome procedures to provide the freedom and infrastructure for new enterprises and pioneering businesses, and assisting them to resolve industrial problems, and to hunt for knowledge and prop up advancement.

Entrepreneurship growth is promising if government playing its supportive role. Government accords the utmost fondness for nurturing entrepreneurship by structuring and executing appropriate strategy and supporting system like minimum regulations, fair, board base taxation as low as feasible, relaxing trade mutually local and international and provide industrial helpful services. The government has a key role to play by providing the people with certain facilities for nurturing and grooming of risk seekers. So that better entrepreneurs can be produced which will help in the flourishing of the economy & it will in turn benefit the society.

## **V. Analysis and Discussion**

The role of government towards developing entrepreneurs have been focused in this study and in that context it has been discussed that whether Pakistani government has done enough or not to inculcate boosted entrepreneurial activities among its member. Using the questionnaires the study has found that majority of the respondents were of the view that government can play very important role in nurturing and grooming of risk seekers, so as to produce better entrepreneurs and increase the prospects of bright and innovative ideas. However, survey shows that 96% of the respondents were of the view that the government polices is often inadequate in promoting the growth of entrepreneurship. Therefore, we can say that Pakistani government is not playing a supportive role to nurture entrepreneurs.

According to the survey majority of the respondents 82% viewed that the growth of entrepreneurship has been impacted because of high inflation rate and this is one of the main reason of business failure here in Pakistan. High inflation directly moves up interest rates and this have an effect on businesses. Because of high inflation the economy and employment are decreased. If inflation seems very low down, it reduces the interest rates with the positive impact, and economy and employment are enlarged. 76% participants responded that infrastructural facilities are inadequate and it is certainly impact negatively towards entrepreneurial growth. If the infrastructure is developed it would assist to rally the domestic demands. The study also found that 73% participants said that lack of government interest in order to support the entrepreneurial activities also a major reason of limited entrepreneurial skills shown by the descendants of the society. Unfortunate law and order situation also played major role in destabilizing business environment of the country. Survey disclosed that majority 86% participants responded that law and order situation is badly affect business and it is another cause of declining of business and it results in either end or relocation of business from the economy. Survey discovered that 81% were of the view that lack of finance is the main obstacle that negatively affect to established new ventures.

Non supportive environment may slow down the growth of entrepreneurship and indigenous enterprise. According to the survey 58% respondents said that in Pakistan the entrepreneurs work in isolated environment because government is completely failed to execute sound commercial policies and provide secure market condition. Further survey 46% reveals that there is no increase to the availability of finance. Here in Pakistan there is undoubtedly that the access of sponsorship does not assist entrepreneurs because the terms and conditions are too strict and the interest rate is too high. Also it has been exposed in survey that 72% of participants said that there is a lack of interest and lasting support for the development of entrepreneurs by the government is another key motive of business failure and also impacted in the development of entrepreneurs.

As early stated, that financing is very essential in order to assist new starters and it is one of the most challenging obstacles an entrepreneur has to encounter. 90% respondents said that in order to start new business venture, an entrepreneur can borrow money generally on a very high interest rate. Survey 83% revealed that entrepreneurs have to come across with very strict terms and conditions while borrowing money from lenders, such limitations also create hurdles to start own venture in Pakistan.

To promote entrepreneurs, 83 % participants reveal that it is the ultimate responsibility over the shoulders of government to educate entrepreneurial skills in the people. For this, government has to encourage entrepreneurial awareness of business support programs at all level. Further 86% respondents believed that least

regulations; rational broad-based taxation as low as possible and modest for acquiescence, with stress-free access to capitals for all businesses may boost up entrepreneurial activities in the society. Stable Political Conditions can also give a platform where economy can boom and flourish and investors are also remain ready to invest in your country. 85% respondents said that stable political conditions can give birth to a stable economy where business(s) can grow. Pakistani government is failed to provide the decent environment in order to enhance both social improvement and economic expansion and this is all for the reason of bad politics that will keep away from good governance. Survey revealed that 84% participants responded that through good governance we may reduce social and cultural hurdles that negatively affect doing business in Pakistan.

### VI. Conclusion

The primary research conducted in the current analysis shown that the Pakistan has strong potentials to be an entrepreneurial nation but because of socio economic instability it has not gained the economic growth and entrepreneurial environment which it deserves. The government is unable to develop and boost up entrepreneurial approach in our youth and the main reason behind this the socio economic instability and poor strategy of administrative bodies. Study revealed that an extensive government strategy to entrepreneurship would increase the growth of entrepreneurial activities among the youth and give confidence largely.

The findings revealed that entrepreneurs are facing bundle of hurdles and problems like presence of inflation, infrastructural facilities, low and order situation, high interest rate and complicated access to the financial institutions, cumbersome procedures. Administration accords the uppermost preference to growth of entrepreneurs by structuring and executing appropriate strategies and promotional methods like government can support it by providing trade and industry environment in order to constructed surroundings outlook and uphold facilities for small enterprise to sell overseas their manufacturing goods more smoothly. For this government needs to offer soft loans to entrepreneurs on low interest rate, stress-free access to the financial institutions with easier access to funds for all businesses, free trade facility for both local and international. Government also needs to prepared a wide, balanced and steady approach of governmental bodies to entrepreneurship in the outer shell of government supporting strategy to private enterprise is an ultimate preference.

The government should also encourage business support networks and also provide the excellence of mentoring facilities, particularly with consider to counsel at start-up, expanding market for entrepreneurs, support entrepreneurship development programs, funding for support information, the consciousness of business prop up opportunities, the level of system of government concerned in new ventures expansion, particularly with consider to the procedure of job creation. Thus Government play supportive role in developing entrepreneurs. Administrative bodies must need to ponder over their basic responsibilities of generating sound establishments and strategies to support entrepreneurs.

### VII. Survey Data Presentation

**Table: 1 Are the government policies helpful to business in Pakistan?**

<i>1. Government policy helpful to business?</i>	RESPONDENT TYPE			TOTAL	
	Entrepreneur	Professional	Student	n	%
<b>n</b>	n <sub>1</sub> (100)	n <sub>2</sub> (60)	n <sub>3</sub> (40)	<b>200</b>	-
<b>%</b>	100%	100%	100%	-	<b>100%</b>
<b>Yes</b>	1%	0%	15%	<b>7</b>	<b>4%</b>
<b>No</b>	99%	100%	85%	<b>193</b>	<b>96%</b>

**Table: 2** What factors are responsible for business failure?

1. Presence of inflation	RESPONDENT TYPE			TOTAL	
	Entrepreneur n <sub>1</sub> (100)	Professional n <sub>2</sub> (60)	Student n <sub>3</sub> (40)	n	%
n	100%	100%	100%	200	-
%	100%	100%	100%	-	100%
1: Strongly Agree	72%	30%	45%	108	53%
2 Agree	25%	40%	23%	58	29%
3 Neutral	0%	22%	33%	26	13%
4 Disagree	0%	8%	0%	5	3%
5: Strongly Disagree	3%	0%	0%	3	2%
Average Rating:	1.4	2.1	1.9	1.7	1.7
<b>2. Inadequate infrastructural facilities</b>					
1: Strongly Agree	54%	30%	33%	85	42%
2 Agree	34%	28%	45%	69	34%
3 Neutral	6%	30%	23%	33	17%
4 Disagree	5%	10%	0%	11	6%
5: Strongly Disagree	1%	2%	0%	2	1%
Average Rating:	1.7	2.3	1.9	1.9	1.9
<b>3. Inadequate Government support</b>					
1: Strongly Agree	63%	33%	33%	96	47%
2 Agree	31%	28%	10%	52	26%
3 Neutral	4%	18%	23%	24	12%
4 Disagree	1%	18%	23%	21	11%
5: Strongly Disagree	1%	2%	13%	7	4%
Average Rating:	1.5	2.3	2.7	2	2
<b>4. Law &amp; order situation</b>					
1: Strongly Agree	79%	58%	45%	132	66%
2 Agree	15%	20%	33%	40	20%
3 Neutral	3%	13%	23%	20	10%
4 Disagree	3%	8%	0%	8	4%
5: Strongly Disagree	0%	0%	0%	0	0%
Average Rating:	1.3	1.7	1.8	1.5	1.5
<b>5. Lack of finance</b>					
1: Strongly Agree	69%	52%	33%	113	56%
2 Agree	24%	23%	33%	51	25%
3 Neutral	7%	15%	23%	25	13%
4 Disagree	0%	8%	13%	10	5%
5: Strongly Disagree	0%	2%	0%	1	1%
Average Rating:	1.4	1.9	2.2	1.7	1.7

**Table: 3** What is your opinion about Entrepreneurship in Pakistan?

1. The overall environment for entrepreneur is good?	RESPONDENT TYPE			TOTAL	
	Entrepreneur n <sub>1</sub> (100)	Professional n <sub>2</sub> (60)	Student n <sub>3</sub> (40)	n	%
n	100%	100%	100%	200	-
%	100%	100%	100%	-	100%
1: Strongly Agree	12%	2%	23%	22	11%
2 Agree	13%	22%	10%	30	15%
3 Neutral	12%	27%	10%	32	16%
4 Disagree	61%	33%	10%	85	42%
5: Strongly Disagree	2%	17%	48%	31	16%
Average Rating:	3.3	3.4	3.5	3.4	3.4
<b>2. Access to finance and credit for entrepreneurs is increasing</b>					
1: Strongly Agree	7%	12%	10%	18	9%
2 Agree	15%	22%	45%	46	23%
3 Neutral	21%	30%	10%	43	22%
4 Disagree	57%	28%	35%	88	43%
5: Strongly Disagree	0%	8%	0%	5	3%
Average Rating:	3.3	3	2.7	3.1	3.1
<b>3. Government support to entrepreneurs is increasing</b>					
1: Strongly Agree	3%	2%	0%	4	2%
2 Agree	4%	17%	10%	18	9%
3 Neutral	12%	22%	23%	34	17%
4 Disagree	75%	40%	55%	121	60%
5: Strongly Disagree	6%	20%	13%	23	12%
Average Rating:	3.8	3.6	3.7	3.7	3.7

Table: 4 In your opinion what problems could be faced in borrowing money to start a business?

1. High Interest Rates	RESPONDENT TYPE			TOTAL	
	Entrepreneur	Professional	Student	n	%
n	n <sub>1</sub> (100)	n <sub>2</sub> (60)	n <sub>3</sub> (40)	200	-
%	100%	100%	100%	-	100%
1: Strongly Agree	69%	48%	78%	129	64%
2 Agree	25%	32%	23%	53	26%
3 Neutral	1%	10%	0%	7	4%
4 Disagree	5%	10%	0%	11	6%
5: Strongly Disagree	0%	0%	0%	0	0%
Average Rating:	1.4	1.8	1.2	1.5	1.5
<b>2. Strict Terms and Conditions</b>					
1: Strongly Agree	73%	42%	55%	120	59%
2 Agree	16%	23%	45%	48	24%
3 Neutral	9%	18%	0%	20	10%
4 Disagree	1%	17%	0%	11	6%
5: Strongly Disagree	1%	0%	0%	1	1%
Average Rating:	1.4	2.1	1.5	1.6	1.6

Table: 5 Please explain what changes in the government policies are needed to promote Entrepreneurship?

1. Entrepreneurial development and awareness programs	RESPONDENT TYPE			TOTAL	
	Entrepreneur	Professional	Student	n	%
n	n <sub>1</sub> (100)	n <sub>2</sub> (60)	n <sub>3</sub> (40)	200	-
%	100%	100%	100%	-	100%
1: Strongly Agree	79%	48%	45%	126	62%
2 Agree	16%	28%	23%	42	21%
3 Neutral	4%	13%	10%	16	8%
4 Disagree	1%	7%	10%	9	5%
5: Strongly Disagree	0%	3%	13%	7	4%
Average Rating:	1.3	1.9	2.2	1.6	1.6
<b>2. Minimum regulations, fair, board-based taxation as low as feasible</b>					
1: Strongly Agree	70%	37%	55%	114	56%
2 Agree	28%	37%	23%	59	30%
3 Neutral	1%	13%	13%	14	7%
4 Disagree	1%	12%	10%	12	6%
5: Strongly Disagree	0%	2%	0%	1	1%
Average Rating:	1.3	2.1	1.8	1.6	1.6
<b>3. Stable political conditions</b>					
1: Strongly Agree	51%	40%	33%	88	43%
2 Agree	47%	40%	33%	84	42%
3 Neutral	1%	8%	35%	20	10%
4 Disagree	0%	12%	0%	7	4%
5: Strongly Disagree	1%	0%	0%	1	1%
Average Rating:	1.5	1.9	2	1.7	1.7
<b>4. Good Governance</b>					
1: Strongly Agree	49%	53%	23%	90	44%
2 Agree	43%	23%	55%	79	40%
3 Neutral	4%	13%	23%	21	11%
4 Disagree	4%	10%	0%	10	5%
5: Strongly Disagree	0%	0%	0%	0	0%
Average Rating:	1.6	1.8	2	1.8	1.8

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