

THE IMPACT OF ECONOMIC POLICIES ON ENTREPRENEURSHIP DEVELOPMENT: A COMPARATIVE STUDY IN EMERGING COUNTRIES

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Abstract: *The aim of this study is to compare the effect of economic policies on entrepreneurship development in European (Russia and Poland) and African (Ghana and Mauritania) contexts. The study uses a mixed methods approach, including comparative case studies and analysis of quantitative data, including business registration rates, as well as qualitative data based on policy reports. The hypothesis is that if the macroeconomic policies are stable and the institutions are well-structured with support, then the entrepreneurial growth rate in the emerging economy is significantly accelerated. The research shows that Russia and Poland have better environments for entrepreneurship than the other countries because they have innovation programs and stable fiscal conditions. On the other hand, despite infrastructure and financing difficulties, the recent efforts to involve young people and financial inclusion in the digital age are contributing to progress in both Ghana and Mauritania. Sustainable entrepreneurship needs adaptive policy mechanisms that are grounded in local realities and need to provide access to finance and capacity development for the long-term.*

Key words: *Entrepreneurship, Developing Countries, Economic policy, Comparative analysis.*

JEL classification: L26, O11.

1. INTRODUCTION

Entrepreneurship is a key factor in innovation, jobs and economic growth. Entrepreneurs, however, have to deal with various problems in many emerging countries, such as opaque economic policies, access to finance is insufficient, and

institutions are weak, which hampers the creation of new businesses and the development of the economy. Current literature has demonstrated that sound fiscal and monetary policies, in addition to transparent regulations, encourage business activity, but most of these studies are in developed countries.

Emerging economies are less explored and there is a critical need to learn how policy frameworks operate in different regional and institutional situations. While entrepreneurship has been gaining momentum, there is little empirical literature investigating how the economic policies influence entrepreneurs in emerging markets in Africa and Europe. The relationship between innovation support, financial availability and government regulation is not clear, and further research is needed as it is a 'white spot'. So, it is targeted to the aim of this study to explore the economic policies and their impact in the region of entrepreneurship development. The primary goals are to examine the impact of fiscal and monetary policy in African vs. European emerging markets, analyze some of the challenges entrepreneurs face and provide concrete suggestions for enhancing economic policies that can drive business growth.

2. LITERATURE REVIEW

2.1. THEORETICAL FOUNDATIONS

The macroeconomic policy/business creation relationship is rooted essentially in Institutional Theory (North, 1990; Scott, 1995) which states that formal institutions (regulatory and property rights) and informal institutions (cultural, religious, social, and traditional) determines entrepreneurial behavior. On this basis, the National Systems of Entrepreneurship framework (Acs et al., 2014) shows the interplay of the macro-level factors that either limit or enable start-

up ecosystems, such as financial infrastructure, governance and human capital. Although stable fiscal and monetary policies are universally known to stimulate business activity, the way in which they do this depends significantly on the institutional development of a country.

2.2. TRANSITION ECONOMIES: THE EUROPEAN CONTEXT

The literature tends to be quite narrow on post-communist transition economies like Russia and Poland, where innovation has been sponsored by the state and the transition has been from centralized planning. Estrin and Mickiewicz (2011) point to the direct role that formal institutional support (regional innovation clusters, public-private partnerships) plays with respect to SME growth. Recent research has highlighted the importance of targeted structural funds, both in the context of EU integration in Poland and federal national projects in Russia, for reducing the economic gaps between regions and creating technology-based businesses. In these environments, economic policy acts as a direct accelerator for pre-existing infrastructural foundations.

2.3. EMERGING MARKETS: THE SUB-SAHARAN AFRICAN CONTEXT

The Sub-Saharan African Context of Emerging Markets On the other hand, the institutional voids theory (Khanna & Palepu, 1997; Mair & Marti, 2009) is often applied to analyses the economies of Sub-Saharan countries like those of Ghana and Mauritania. This framework examines the role of lack of specialized intermediation, like easy and convenient access to commercial banking or streamlined bureaucracy, which compels entrepreneurs to seek out alternative sources of financing—informal and social. But modern scholars (Acheampong, 2021; Hinson et al., 2019) notice a huge paradigm shift due to digital entrepreneurship. The value of financial technology (FinTech) and mobile banking ecosystems to help entrepreneurs overcome conventional institutional gaps and promote both economic inclusion and formalization is growing in recognition. White Spots in Research Although there is a vast amount of research done on these different regions in isolation, comparative studies of the European transition economies and the African emerging markets are still relatively scarce. Moreover, the different effects of recent global economic shocks and the post-pandemic recovery policies on these different institutional settings have not been fully brought together. An interaction between top-down government innovation support (in Europe) and bottom-up digital financial accessibility (in Africa) is a key

missing piece in today's literature. The aim of this study is to fill these “white spots” by investigating the different types of policy frameworks in these different regional realities.

3. METHODS OF RESEARCH

To get a comprehensive understanding of entrepreneurial ecosystems, this research adopted a mixed-methods approach, which involved both qualitative and quantitative analyses. The sources of data were official economic databases, policy reports and academic sources related to macroeconomic management. A comparative case study design was implemented to understand patterns of policy impacts with two emerging European countries (Russia and Poland) and two African countries (Ghana and Mauritania). To measure entrepreneurial performance, quantitative variables, namely GDP growth, the rate of business registration, and the amount of investment between 2018 and 2023 were statistically analyzed. To support this, qualitative data was also analyzed and incorporated to gain deeper insights on the actual impact of particular policies on the ground.

4. RESULTS

The core results of the comparison between Russia, Poland, Ghana and Mauritania are detailed here. Results reveal the various impacts of economic policies, financial institutions and government initiatives on entrepreneurship in each of these emerging economies. The objective is to demonstrate the success, identify the obstacles and share lessons learnt to facilitate business growth and business innovation in countries. The results indicate that Russia and Poland have more favorable and stable conditions for entrepreneurship than the countries of Ghana and Mauritania. Small and medium enterprises (SMEs) in Russia and Poland are growing faster due to the economic stability, government support and the innovation programs. Since 2015, for instance, Poland's Smart Growth Program has been providing support to thousands of technology startups and export-oriented companies. Russia has also developed national programmers for SMEs and regional innovation clusters to support entrepreneurs in obtaining credit and training. In Mauritania and Ghana, entrepreneurship development is underway but they face multiple challenges.

However, Mauritania continues to face obstacles such as high costs, poor infrastructure, and access to loans. But Youth Employment and Entrepreneurship is assisting more youths to pursue livelihood through small businesses. In Ghana, on the contrary, the National Entrepreneurship and Innovation Programme

(NEIP) has led to faster progress in terms of training, grants and mentorship. Between 2018 and 2023, the number of youth-led startups increased more than 40% in Ghana, with financial inclusion and mobile credit playing a role. Russia and Poland have a higher number of business registrations and lower barriers to access finance than Mauritania and Ghana. Poland's high innovation potential and government guarantees make investing safer, while the low inflation rates in Poland and Russia lead to higher shares of technology-based companies. Ghana has reduced the time of business registration from 33 to 10

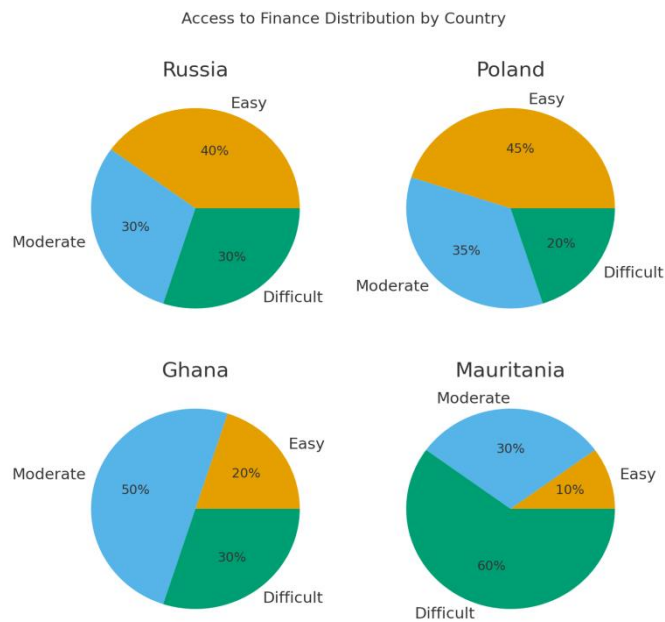
days, thereby increasing the number of people operating in formal businesses. Mauritania is making a slow but steady improvement and digital registration systems are being rolled out in the Ministry of Trade and Industry. Overall, the findings indicate that good fiscal policies, robust institutions and innovation make a significant contribution to fostering entrepreneurship. Russia and Poland have more advanced systems that enable businesses to thrive quicker and in a more inclusive way, while Ghana and Mauritania are laying the groundwork for a better and more extensive business ecosystem.

Table 1. Comparative Overview of Entrepreneurship Environment

Country	Economic Stability	SME Support Programs	Access to Finance	Business Registration Time	Innovation & Tech Focus	Key Challenges
Russia	High	National SME Programs, Innovation Clusters	Easy	7–10 days	High	Bureaucracy, regional inequality
Poland	High	Smart Growth Programme	Easy	5–8 days	High	Competition, labor costs
Ghana	Medium	NEIP (Training, Grants, Mentorship)	Moderate	10 days	Medium	Infrastructure, finance gaps
Mauritania	Low	Youth Employment & Entrepreneurship Program	Difficult	15–20 days	Low	High costs, weak infrastructure

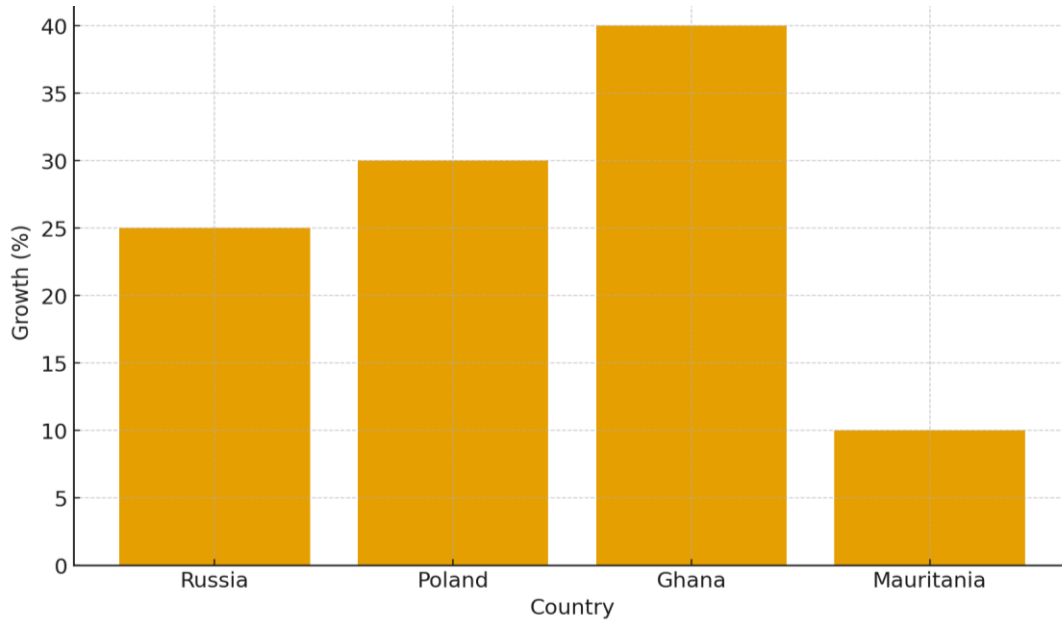
Source: Author's research

Chart 1. Access to Finance Distribution by Country



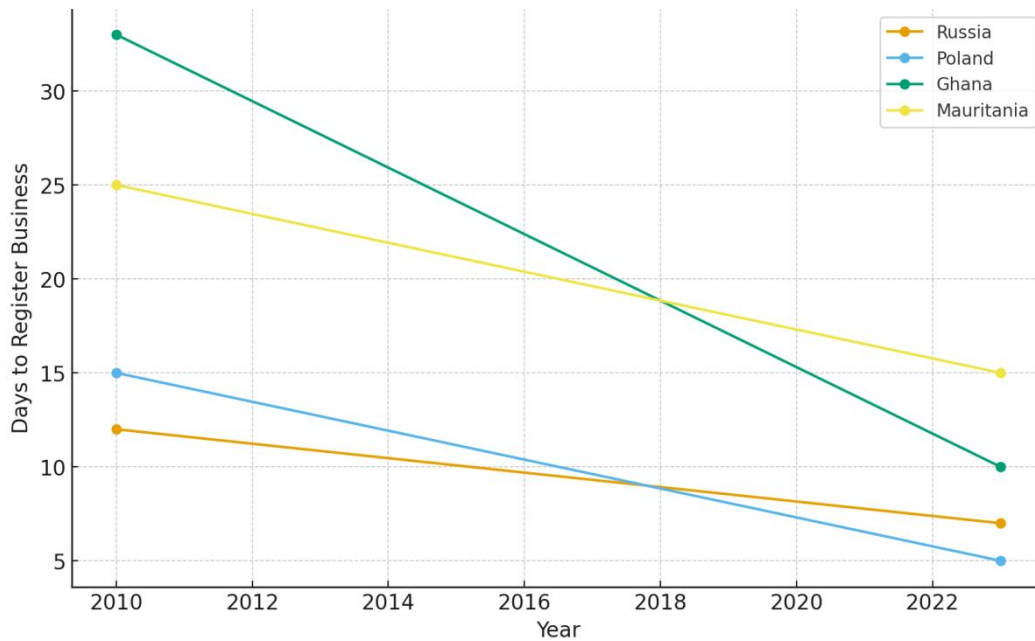
Source: Author's research

Chart 2. SME and Youth Startup Growth (2018–2023)



Source: Author's calculation based on national policy reports

Chart 3. Business Registration Speed Improvement (2010–2023)



Source: Doing Business Report, World Bank (2024)

DISCUSSION

The comparison of Russia, Poland, Mauritania and Ghana shows that consistency of economic policies, quality of institutions, and incentives for innovation are closely linked with entrepreneurship development. The examples of Russia and Poland illustrate the opportunities provided by the combined approach of fiscal and innovation policy for startups and SMEs. In

Russia, the National Project for SMEs and Support for Entrepreneurship provide financial subsidies, reduced taxes and training programs, which help to minimize the regional differences. Inequalities in business activity. Likewise, with Poland's accession to the EU in 2004, came structural funds that are specifically geared toward R&D, vocational education, and business innovations. Both countries have seen public-private

partnerships (PPPs) grow that enlarges venture capital markets and boosts technology transfer.

By contrast, Mauritania is plagued by ongoing constraints, including weak access to credit, inadequate infrastructure and high bureaucratic costs. The reliance on informal financing sources, including loans from relatives or from the local community, limits scale and innovation. However, the recent changes introduced under the Ministry of Economic Affairs and the Youth Employment Program have started introducing changes in the systems of support for entrepreneurship, particularly for women and young graduates. Ghana is an example of the more mature African approach. Ghana has developed a maturing innovation ecosystem with the NEIP, under the Ghana Enterprises Agency (GEA) and through partnerships with private incubators such as MEST Africa and Inno hub. Mobile finance and telecommunications have facilitated rural entrepreneurs gaining access to digital finance through government partnerships with telecom operators. As a result, Ghana's startup ecosystem now includes over 700 registered tech-based SMEs, many focused on agriculture, logistics, and fintech. In the educational and institutional area Poland and Russia promote research and technical education to support innovation-driven entrepreneurship. Examples include Russia's Skolkovo Innovation Center and the Kraków Technology Park in Poland, which link the academic, business and investor communities.

Conversely, entrepreneurship education has been incorporated into the higher education system in Mauritania in recent years with the University of Nouakchott Al Aasriya and Ghana has expanded digital entrepreneurship education through projects and programmers from the Ghana Innovation Hub and Mastercard Foundation. All these developments stem from the worldwide agreement that investing in human capital is vital for entrepreneurial development. Monetary policy stability has a fundamental importance at macroeconomic level. Confidence in business comes from controlled inflation and state-backed loans for SMEs in Russia and solid fiscal discipline in Poland. The relatively modest inflation rate in Ghana combined with the growing size of the fintech industry (MTN Mobile Money, Zee pay, etc.) has enabled people to access credit and enabled the creation of more businesses. High interest rates and reliance on informal credit continue to be a significant challenge in Mauritania, but there is some progress in making these services more available with the reform of microfinance in 2023. Entrepreneurship growth is closely linked to the level of funding, but also to the trust in the institutions, the level of regulatory

clarity and the innovation ecosystems. Ghana and Mauritania are developing adaptive strategies, such as digitalization and grassroots entrepreneurship, while Russia and Poland have innovation frameworks in place. Regional cooperation can facilitate progress: there are opportunities for Africa to learn from European innovation models, and to look at African markets for their startup diversification and sustainable investment opportunities.

CONCLUSION

The results of this study make it clear that institutional maturity, macroeconomic stability, and fiscal and innovation policy coherence are key factors for successful entrepreneurship policies. Poland and Russia are two good examples of countries that have innovation-led entrepreneurship supported by fiscal discipline and structured diversification and robust institutional policies. Ghana and Mauritania are in development but have the potential to grow with financial inclusion and education reforms and youth entrepreneurship.

The evidence shows that more than financial incentives are needed to promote entrepreneurship: it takes policy stability over a longer time horizon, clear and transparent regulation, and human capital development. Policy frameworks of all four countries should focus on digital transformation, public/private partnership and access to finance as the three key pillars for the sustainable development of entrepreneurial ecosystems that can contribute to national development over the long term.

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