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Assignment

Discuss the various determinant of entrepreneurship development.

Answers

Entrepreneurship is the key to growth and development of native and new businesses directly effects economic performance by creating new jobs and products.

This has motivated a number of investigation on what determine entrepreneurship. However, most of this studies provide evidence from Western Europe, Northern America and Japan.

The determinant of entrepreneurship in developing countries

This review may help to mitigate the risk of applying policies that may not be suitable for developing countries because they are based on evidence from developed countries. It has been shown that when the same study is carried out in developing and developed countries the outcome are usually different. In addition, because of the considerable regional difference that exists in developing countries, this review may provide insight into entrepreneurship in developed economies.

To perform our analysis of the determinant of entrepreneurship in developing countries, we first need to define both our measure of entrepreneurship is and what a developing countries is.

As for definition of what developing countries is,base on the source of competitive advantage. In particular we consider developing countries to be those that are in both the factors and efficiency driven stage of classification. Those are countries where the source of competitive advantage arise essentially from low cost labor and access to natural resources as well as from producing standard products and services.

Difference in the determinants of entrepreneurship between developed and developing countries.

Entrepreneurship and it determinants in developed and developing countries.

Difference in the levels of entrepreneurship between developed and developing countries are difficult to assess empirically. First, entrepreneurship has different economic,statistical and legal definition. Second, even within a common definition, there are significant different in the quality of information records across countries.

The determinants of entrepreneurship and their impact they differ in developing and developed countries. But what are the determinants? What determine entrepreneurship? We use the Eclectic theory of entrepreneurship to answer this questions because it has proved to be a useful framework for analyzing not only the determinants across countries.

According to the eclectic theory, entrepreneurship is the results of a complex individual decision based on both opportunity and personal characteristics. This decision involved assessing alternative type of employment ( self employment and wage employment) in a process mediated by the individual risk reward profile.

Why should the determinants of entrepreneurship in developing and developed countries be different.

All in all, we found the notable different in the determinant of entrepreneurship in developing and developed countries.what remains to be analysed is whether these determinant and the impact are the same in developed and developing countries. We discussed the argument put forward in the literature in support of the existence of difference in the determinants of entrepreneurship between developed and developing countries.

1. Macroeconomics stability: macroeconomic instability and the intense cyclical variations that characterize developing countries may induced pattern of entry that are different from the one observed in developed countries.
2. Public policies: firm entry may be encouraged by public programs,but in developing countries these are usually under-developed and are quite inefficient for the case of latin American.
3. Knowledge: knowledge system in developing countries are usually have acute deficiency that prevent technology based firms from emergency.
- 4 industrial structure : developing countries have an industrial structure that is usually less diversified less dense, less sophisticated and more fragmented than in developed economies.
5. Financing : lower income levels in developing countries are also generally accomplished by

lack of fundings in particular, firms in this countries have less access to credit and have to deal with aore limited financial system.

Determinants of entrepreneurship in developing countries evidence and comparison with developing countries.

1. Cross country analysis on the determinants of entrepreneurship: have focused on the impact of government indicator.

2. Country specific analysis on the determinants of entrepreneurship: tend to focus on medium/large developing countries with medium high income.

The determinants considered may vary depending on the availability of data and disaggregation.

1. Macroeconomic determinant

2. Industry determinant

Regional determinant

Conclusion

Comparatively speaking, the determinants of entrepreneurship in developing countries have been much less studied than in their developed countries. The limited evidence available than should be borne in mind when using empirical results from the studies for policy purpose.

To find suggestion two issues for future research.

1. Improvement in the quality of data may encourage more studies to be connected in developing countries at geographical levels homologous to those used for developed countries.

2 . comparison studies for developed and developing countries using an analogous of regressors are also needed particular, with firm level data. All in all a better understanding of the condition that encourage entrepreneurship in developing countries probably required details country studies using explanatory variable that reflect the specificities of these economic.