

# The Influence of Government Policies and Economic Factors on the Growth of Entrepreneurial Activities in Khartoum, Sudan

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## **Abstract**

Understanding the influence of government policies and economic factors on the growth of entrepreneurial activities is considered a step towards successful entrepreneurship in Sudan. The goal of this article is to explore the government policies and economic factors which influence the growth of entrepreneurial activities in Khartoum Locality, Khartoum State, Sudan. The research was conducted on a sample of 400 national potential entrepreneurs, and data were collected using a structured questionnaire and personal interviews. Respondents are asked 43 questions to assess their perception of the main factors influencing the growth of entrepreneurial activities. The study adopted an analytical descriptive methodology whereby the data were processed by the statistical package for social sciences (SPSS). Percentages, frequencies, and hypothesis tests were used to analyze data. The study revealed that one major problem for entrepreneurs is the high tax fees which hinder the progress of entrepreneurship. Also, not everyone could get a business license. Furthermore, they tend to enter the field of entrepreneurship due to limited government employment opportunities. Entrepreneurs considered entrepreneurship as one of the best solutions for their

unemployment problems. Through business incubators, entrepreneurship may expand and flourish in Sudan. Microfinance programs may contribute to the development of entrepreneurial activities, although entrepreneurs face obstacles in such programs, for example, the inability to pay back and the failure of their projects. Credit and loan policies towards entrepreneurs in commercial banks in Sudan need to encourage new ideas and innovations. Self-finance and family finance are important sources for getting money to execute entrepreneurial activities. The study recommends that government agencies should provide financing facilities for entrepreneurs in a way that may contribute to the development of entrepreneurial activities. The government of Khartoum State needs to concentrate more on entrepreneurial training as it is necessary to improve entrepreneurship. It is very important to decrease tax fees because it is a large obstacle facing entrepreneurs. The authorities must facilitate the provision of business licenses to those who have the ability and desire to establish a business. Commercial banks need to strengthen microfinance programs to help entrepreneurs to enter the entrepreneurship field.

**Keywords:** Entrepreneurial activities, Entrepreneurship Government policies, Economic factor, Khartoum, Sudan

## 1. Introduction

Due to the crucial role it plays in contemporary economies, entrepreneurship has been a hot topic in academia for the past three decades. It is regarded as an engine of economic growth, a source of employment, and a tool for societal progress, all of which have empirical support (Gangi and Timan, 2013). According to Hisrich and Peters (1989), entrepreneurship has been defined as the process of creating something of value by devoting the necessary skills, time, and efforts and assuming the accompanying financial and sometimes physical and social risks, to reap the resulting monetary rewards and personal satisfaction.

Entrepreneurship refers to an individual's ability to turn ideas into action. It includes creativity, innovation, and risk-taking, as well as the ability to plan and manage projects to achieve objectives. Everyone benefits from this in day-to-day life at home and in society, employees become more aware of the context of their work and are better able to take advantage of opportunities, and entrepreneurs have a foundation on which to build a social or commercial activity (Commission of the European Communities, 2006).

Entrepreneurship is thought to be an important factor in cultivating innovation, employment, and economic growth. Because the benefits flowing from entrepreneurship are not necessarily captured by the entrepreneurs themselves but can be realized more generally, the case is often made that the level of entrepreneurship is below its social optimum and deserves some attention from policymakers (Georgillis & Wall, 2006). Given the current economic challenges facing many countries around the globe, the notion of engendering greater entrepreneurial activities has become a prominent goal for many national government researchers (Cooney, 2012).

The paper is a contextual study that focuses on government policies and legislation factors and economic factor within the context of Sudan. Thus, it is expected to contribute

significantly to the diagnosis and characterization of the current situation of entrepreneurial activities in Sudan. By so doing, it should clarify the influence of the government policies and orientation factors and the economic factor towards the growth of entrepreneurial activities in Sudan.

In this present paper, we try to get answers to the following questions:

1. What is the role of the government in helping young people and unemployed men and women in starting their own businesses? This entails looking at government policies and legislation concerning entrepreneurship.
2. To what extent may new entrepreneurs make use of the opportunities offered by credit institutions?

This paper aims to assess the governmental policies and economic factors, to see their influences toward the growth of entrepreneurial activities.

The methodology adopted in this research involves descriptive statistics for the secondary data which were obtained from research and scientific papers. In addition, primary data on entrepreneur's perceptions of entrepreneurial activities were collected via questionnaire and personal interviews.

## **2. Literature review**

When we look at the most successful entrepreneurs, there's a wide diversity of schooling, backgrounds, and upbringings among them. However, there are some common traits and skills that many of these successful entrepreneurs have demonstrated or developed before their success.

The fundamental reason why entrepreneurs are frequently viewed as national assets who are highly motivated and compensated is because they contribute to innovation, create jobs, and enhance the circumstances for a thriving society (Sharma, 2018). Entrepreneurs are visionary, creative, confident, opportunity seekers, relation builders, and risk-taker individuals taking on financial risks in the hope of profit.

Entrepreneurship is a comprehensive, multidimensional concept and is defined by Global Entrepreneurship Monitor (GEM) as "any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business (Rusu & Roman 2017). Entrepreneurship was, for a long time, measured quantitatively typically through the rate of self-employment or the number of new firms created. Indeed, it appears that the latter is an extensively used measure for entrepreneurial activity within the existing literature (Gordon, 2018).

Owing to its importance most countries have developed strategic plans and policy measures to enhance entrepreneurship development. Specific efforts are also being directed at building the capacity of potential entrepreneurs with innovation, creativity, risk taking and other necessary entrepreneurship skills (Timan and Gangi, 2015).

Entrepreneurs need support from both internal and external sources: from family members, institutions, and governments. Otherwise, their dreams may never materialize, and their lofty ideas may never come to fusion unless certain measures are put in place (Akinyemi & Oluwabunmi, 2018).

Many factors influence the growth of entrepreneurial activities, some of these factors are governmental policies and orientation and the economic factor (Al-Matari, 2021).

### *2.1 Government Policies*

Government policies have the power to influence entrepreneurship because they can shape the institutional setting in which decisions about entrepreneurship are made. However, business owners are left without effective ways to deal with political institution uncertainty ((Weiqi and Steven Sib, 2019).

Government policies for entrepreneurs keeping in view the contribution of small-scale business in employing the present generation, regional development of the country, promotion of export, and various policies are coming as a thrust that is targeting towards establishing and developing small business sector (Government policies for entrepreneurs, 2016).

In the case of government support policies, it is assumed that since the government is in charge of fostering entrepreneurship, it should offer the most essential resources within its power, including the creation of a business-friendly environment that will strongly encourage entrepreneurship (Abrar, and Akhter, 2017).

governments became more concerned with entrepreneurship development and the value of entrepreneurship to the national economy, it is almost agreed that entrepreneurial activities that result in the creation of new innovative business deals impact positively on economic development (Khattab et al., 2017).

If we take India as an example, the start-up scene in their economy has seen a lot of activity for the past few years. It is estimated that India is home to about 39000 start ups and the number is definitely growing by the day. The government has taken cognizance of this fact and has come up with various programs and loans to encourage entrepreneurship (Credit Mantri, 2019).

In Sudan, Gangi and Timan (2013) reported that the government failed to adopt microeconomic policies initially designed to assist entrepreneurs. A few partial initiatives were undertaken to support entrepreneurs. The business environment was suppressed by heavy regulations required for the start-up of businesses, high government fees, and unfavorable conditions for new business finance. According to the World Bank (2009), the time required to deal with regulatory issues is higher than in comparable countries in Africa. In addition to the government, some other important players have contributed to creating a poor entrepreneurial environment in Sudan.

Government policies and orientation factors include different variables such as “licensing, legislation, and taxation and credit facilities”.

### 2.1.1 Licensing

The path to opening new business is marked with barriers that can slow or even block entrepreneurs such as the case with one form of government regulation known as licensing, which has the effect of fencing out new entrants while protecting the licensed from competition.

A government-issued licence is required for about 29% of jobs, which is a significant increase from just 40 years ago when only 10% of workers had licences. These licencing regulations reduce the number of practitioners, who can then demand greater compensation, while simultaneously inhibiting the development of new businesses and innovative ideas (Wiens and Jackson, 2014). Licenses for operating your business depend both on your location and your industry.

### 2.1.2 Taxation

Tax policy is one of the most potent policy instruments for government to achieve the dual objectives of equity and efficiency. Taxes are raised to finance public goods and services that are needed to support growth and provide economic opportunities to all citizens (Duanjie et al. 2002).

The effect of taxation on entrepreneurs and startups can be generalized into a conceptual framework to understand the real-world influence of specific tax policy changes. Taxes influence the risks entrepreneurs take, the incomes they earn, and their fixed costs (Watson and Keading, 2019).

Andres Brog, Sweden's minister of finance, claimed for example that "too high taxes, too generous benefits system, ineffective labor market policies, and too high employers' social security contributions have tended to make labor supply and demand too low, being an entrepreneur simply has not been sufficiently attractive (Stenkula, 2009).

Tax policy also has a role to play, as taxes are one of the top barriers entrepreneurs lists on surveys of their work. While it may take years or decades to determine the right mix of public policy to revive dynamism, changes to tax policy can contribute to the solution in the short to the medium run. Entrepreneurs would not make decisions to start business and engage in risk because of the tax code (Watson and Kaeding, 2019).

### 2.1.3 Regulations

Government matters because it establishes and enforces rules, regulations, and property rights. Good government raises transactional trust and so facilitates entrepreneurship. Insufficient government fails to protect the rights of the weak, and this discourages entrepreneurship (Fogel et al, 2006).

It's the responsibility of the business owners to learn about these regulation, and ensure the business is not violating them. The goal of spending regulations is widely accepted. For example, a clean and healthy environment, safe food and drugs, and fear of business employment practices are among the most important things citizens accept from their government. Government regulation is an increasing concern. Managers are being held

responsible for the integrity of their operation and the protection of stockholder interests. the multinational enterprises must comply with the business regulations of the countries in which they operate as well as regulations for products or services in countries in which they sell (Cummins, 2017).

Governments can stimulate entrepreneurship by reducing taxation and regulation. Government can also develop new forms of public and private partnership that lessens the burden of late payments by public administration (Arzeni, 1997).

## *2.2 Economic Factor*

The second category of elements is economic. The most immediate and direct influence on entrepreneurship comes from the external economic environment. This is probably because people start their own businesses out of necessity when there is no employment available. People start their own small enterprises when the economy is struggling or unemployment is high in certain nations (Al-Matari, 2021).

More than one-third of the European Union's adult population would rather be self-employed than an employee if given the chance to choose, according to the 2012 Flash Eurobarometer survey. At the same time, there is a large entrepreneurial potential in social groups that are either disadvantaged in the labor market (e.g. youth, migrants, and the low-skilled) or underrepresented in the entrepreneurial population, e.g. women and seniors (OECD 2014). In this area, different variables could stimulate entrepreneurial activity:

When it comes to starting a firm, the first thing that comes to your mind is arranging finance for the company. While there are different approaches to acquiring funds, it is important to choose the most promising and high-yielding one. Financing is an essential component for any business, whether it's finding investors or taking out a loan. Entrepreneurs who are looking for a loan might look to a bank. But there are other sources of capital for business (Business.com staff, 2020).

### *2.2.1 Microfinance Programs*

Growing interest is being paid to microfinance as a source of capital for small-business owners at the base of the economic pyramid. Because they frequently do not have easy access to banks, microfinance aims to make credit, savings, and other financial services accessible to those who are too poor to be served by conventional banks. It can also provide minimal capital for the launch and growth of small businesses (Microfinance and entrepreneurship: an introduction (Newman et al., 2017).

Empirical evidence on the microfinance impact on the enterprise in general show that participation in microcredit program has a positive effect, thus microcredit loan relaxes credit constraints, which in turn enables entrepreneurs to manage financial resources optimally and to increase the business revenue, profits, and employment (Sultakeev, et al., 2018).

About 90 percent of the people in developing countries lack access to financial services from financial institutions, either for credit or saving, which further fuels the 'vicious cycle of poverty'. A lack of financial institutions also hinders the ability of entrepreneurs to manage

their business. Microfinance serves to empower the poor and provides a valuable tool to assist the economic development process (Newman et al., 2017).

### 2.2.2 Banks

The researcher has long recognized the vital role of banking in promoting economic growth through corporate investment, employment, entrepreneurship, and innovation (Kleiner et al. 2019).

Commercial and specialized banks always play an important role in the growth and development of entrepreneurship. Apart from providing financial assistance, banks also give valuable inputs to support and promote their enterprise (Ajay Sharma, 2018).

There is no denying that banks play a distinctive role as an economic growth engine, which is reflected in their actions. The operations of the bank offer dependable banking that can help entrepreneurs launch successful ventures. The role of banks extends beyond their typical function, including advice, guarantee, and consultation functions as well as regulatory, finance, and business investment promotion roles (Shetty et al., 2018).

### 2.2.3 Self-finance and Family Finance

Self-financing is the number-one form of financing used by most business startups. In addition, when you approach other financing sources such as bankers, venture capitalists, or the government, they will want to know exactly how much of your own money you are putting into the venture. <https://www.entrepreneur.com/article/217376>

Self-funding your business means that you provide the initial funds to start a business through your own personal resources, and it may involve personal funds, assets, credit cards, savings, and personal loans.

The most common source of debt financing for start-ups often isn't a commercial lending institution, but family and friends. People with whom you have close relationships know you are reliable and competent, so there should be no problem in asking for a loan <https://www.entrepreneur.com/encyclopedia/friends-family-financing>.

In most countries, most new business finance takes the form of bank loans. The next largest source of funds is family members. A study in the UK by Curran and Blackburn (1993), revealed that family loans account for some 15% of startup finance amongst ethnic-owned businesses making it the largest source of funds after bank loans (Basu and Parker, 2001).

Family finance and new business startups.

According to the (OECD, 2005), the main sources of finance used for business startups across different socio-demographic groups are family finance and friends besides greater saving the main sources of finance for all groups.

Microfinance aims to bring credit, savings, and other financial services within the reach of those too poor to be served by regular banks, often because they are unable to offer sufficient collateral or simply do not have easy access to banks. In this way, microfinance can provide

minimal capital for the start-up and expansion of small enterprises, mainly to low-income.

Individuals and households in the emerging world.

#### 2.2.4 Business Incubators

One of the support schemes that enhance entrepreneurship development is the business incubators and the policy tool to achieve this is the business incubation initiative (Obaji and Olugu, 2014).

Business incubators are an organization that helps start-up companies and individual entrepreneurs to develop their businesses by providing a full-scale range of services starting with management training and office space and ending with venture capital financing (From Wikipedia, the free encyclopedia).

Business incubators are specially designed programs to help young startups innovate and grow. They provide workspace, mentorship, education, and access to investors for startups. These resources allow companies and ideas to take shape while operating at a lower cost during the early stages of business incubation. It requires an application to join and a commitment for specific times.

70- 80% of small business doesn't survive their first year. Incubators were developed to reduce the chances of failure of start-up by offering sustainable and fundamental entrepreneurial support and to help them find the resources to maintain a successful star up (Crampton, 2019).

### 3. Methodology

Population: The appropriate sample size is determined by the following statistical equation:  
$$N = PQ (Z)^2 / D$$

Where N= sample size, P= rate of prevalence of the phenomenon in society, and when the prevalence of the phenomenon is not clear it is assumed to be = 0.5, Q= complimentary rate of the prevalence of the phenomenon = 0.5

Z= standard value at 95% confidence level, usually = 1.96, D= random error = 0.0025. Using the equation, sample size = 384, but due to possible unreturned samples, 400 samples were used.

400 entrepreneurs from Khartoum locality constituted the respondents to the questionnaire set by the researchers. We have chosen Khartoum Locality because most of the entrepreneurs are found there.

Sampling design: Khartoum Locality has five administrative units from which three were chosen.

Each administrative unit contains several business incubators which include several entrepreneurs.

The questionnaire was distributed according to the number of entrepreneurs in each



incubator.

Sources of data:

Secondary data was sought from the literature and governmental sources, while the primary source of information is the questionnaire and personal interviews with selected male and female entrepreneurs.

Method of analysis: Descriptive statistics using SPSS software to generate means and standard deviation to use Chi-square and T-test or any appropriate tool to show significant relationships.

The boundary of study:

This study was limited to Khartoum's Locality which includes north, south, west, central Khartoum, and Soba because most entrepreneurs are found there besides it is inhabited by a multitude of people from different backgrounds, races, and different geographic areas.

### *3.1 Statistical Analysis*

All collected questionnaires were subjected to statistical analysis as follows:

Table 1 shows the profile of the respondents.

Table 1. Respondents' profile

Age	frequency	percentage
21-30	266	66.5
31-40	92	23.0
41-50	37	9.2
51-60	5	1.2
Gender		
Male	337	84.2
Female	63	15.8
Academic qualification		
Basic	6	1.5
Secondary	45	11.2
Tec Diploma	42	10.5
BA/B.Sc.	241	60.2
Higher Diploma	25	6.2
Master	38	9.5
Ph.D.	3	8.0
Work experience		
6 mouths-3 years	150	37.5
3-6 years	94	23.5
6-9 years	56	14.0
9 or more years	75	18.8
Work sector		
Agriculture	38	9.5
Industrial	58	14.5
Services	162	40.0
other, specify	142	35.5
Training received?		
Yes	211	52.8
No	189	47.2
Benefit from the training?		
Yes	207	51.8
No	6	1.5

Source: Developed and calculated by authors, (2023).

### 3.2 Statistical Method

To achieve the study goal, the researchers used the statistical package for the social sciences (SPSS) for manipulating and analysing the data. The following statistical tests were used to analyze the data and the study hypotheses:

Frequencies, means and percentages to represent the collected data in meaningful figures.

Pearson correlation coefficient was used to measure the correlation between two variables, where it was applied to test the questionnaire's validity.

T-Test is used to determine if the mean of the item is significantly different from a hypothesized value 3 (Middle value of the Likert scale). If the P-value (SIG) is smaller than or equal to the level of significance,  $\alpha = 0.05$  then the mean of an item is significantly different from a hypothesized value 3. The sign of the test value indicates whether the mean is significantly greater or smaller than hypothesized value 3. On the other hand, if the P-value (SIG) is greater than the level of significance,  $\alpha = 0.05$ , then the mean of an item is insignificantly

different from hypothesized value 3.

### Validity and Reliability

To check internal validity, the researchers calculated the correlation between each statement and the corresponding field. Table 2 and Table 3 present the correlation coefficient of each item of a field and the total of corresponding field. The P-values (SIG) are less than 0.05, so the correlation coefficients of all items are significant at a =0.05, so it can be said that all items of each field are consistent and valid to be measuring what it was set for.

Table 2. Correlation coefficients of each item of “Governmental Policies and Directives” and the total score of this field

No.	Items	Pearson Correlation	P-Value (SIG)
1	The government enacts legislation that contributes to the development of entrepreneurial activities	0.557	0.000
2	Government agencies are working to provide financing facilities for the entrepreneur	0.546	0.000
3	The government agencies provide opportunities for entrepreneurial training in Sudan	0.537	0.000
4	There are limited opportunities for entrepreneurship education that the State offers to entrepreneurs.	0.369	0.000
5	There are limited opportunities for entrepreneurial training in Sudan	0.358	0.000
6	The tax fees imposed on entrepreneurs are large in a way that hinders the progress of entrepreneurship	0.409	0.000
7	The responsible authorities provide business licenses but not everyone who wants them can obtain them	0.411	0.000
8	Governmental agencies empower and assist entrepreneurs by providing them with their requirements	0.397	0.000
9	Young people tend to enter the field of entrepreneurship due to limited government employment opportunities	0.397	0.000
10	Entrepreneurship has become one of the best solutions to the problem of unemployment	0.432	0.000

Source: Developed and calculated by authors, (2023).

Table 3. Correlation coefficients of each item of “Economic Factor” and the total score of this field

No.	Items	Pearson Correlation	P-Value (SIG)
1	Business incubators have a great role in supporting entrepreneurship	0.426	0.000
2	Microfinance programs have actively contributed to the development of entrepreneurial activities	0.478	0.000
3	There are a number of obstacles in microfinance programs such as the inability to pay back and the failure of the project in question	0.466	0.000
4	Financial institutions contributed to the development of entrepreneurial activities	0.452	0.000
5	The support that commercial banks provide to entrepreneurs is insufficient	0.521	0.000
6	Many entrepreneurs rely on self-financing	0.489	0.000
7	Entrepreneurship requires the presence of financial savings to initiate a specific commercial project	0.507	0.000
8	An entrepreneur must provide the necessary insurance for all work requirements	0.509	0.000
9	Family finance is considered one of the sources of finance for entrepreneurs	0.524	0.000

Source: Developed and calculated by authors, (2023).

The result described in the above tables shows that items of the questionnaire have a strong correlation coefficient and are statistically significant at the level  $\alpha = 0.05$  this indicates that the questionnaire has strong validity.

Table 4. Criterion of the study

Mean	Approval level
From 1-1.79	strongly disagree
From 1.80-2.59	Disagree
From 2.60-3.39	Neutral
From 3.40-4.19	Agree
From 4.20-5.00	strongly agree

Source: Developed and calculated by authors, (2023).

To explain the result of the study and judge the level of response, the researchers depended on the arithmetic mean of ranking on the level of the field of the questionnaire and the level of items in all dimensions, the researchers have identified the degree of approval criterion of study.

#### **4. Results and Discussion**

Governmental Policies and Orientation:

Table 5. The respondents' opinions toward items of the first axis (Governmental Policies and orientations)

Items	strongly agree	agree	neutral	disagree	strongly disagree	mean	rank	Approval level
The government enacts legislation that contributes to the development of entrepreneurial activities	108	111	62	83	36	3.43	6	Agree
	27.0%	27.8%	15.5%	20.8%	9.0%			
Government agencies are working to provide financing facilities for entrepreneurs	105	87	62	100	46	3.26	8	Neutral
	26.2%	21.8%	15.5%	25.0%	11.5%			
The government agencies provide opportunities for entrepreneurial training in Sudan	91	98	62	93	56	3.19	9	Neutral
	22.8%	24.5%	15.5%	23.2%	14.0%			
There are limited opportunities for entrepreneurship education that the State offers to entrepreneurs.	93	121	61	92	33	3.37	7	Neutral
	23.2%	30.2%	15.2%	23.0%	8.2%			
There are limited opportunities for entrepreneurial training in Sudan	127	141	66	46	20	3.77	3	Agree
	31.8%	35.2%	16.5%	11.5%	5.0%			
The tax fees imposed on entrepreneurs are large in a way that hinder the progress of entrepreneurship	150	100	57	61	32	3.69	5	Agree
	37.5%	25.0%	14.2%	15.2%	8.0%			
The responsible authorities provide business licenses but not everyone who wants them can obtain them	137	130	55	47	31	3.74	4	Agree
	34.2%	32.5%	13.8%	11.8%	7.8%			
Governmental agencies empower and assist entrepreneurs by providing them with their requirements	62	62	68	156	52	2.81	10	Neutral
	15.5%	15.5%	17.0%	39.0%	13.0%			
Young people tend to enter the field of entrepreneurship due to limited government employment opportunities	197	134	33	24	12	4.20	1	Strongly agree
	49.2%	33.5%	8.2%	6.0%	3.0%			
Entrepreneurship has become one of the best solutions to the problem of unemployment	195	130	41	14	20	4.17	2	Agree
	48.8%	32.5%	10.2%	3.5%	5.0%			
Mean						3.56		agree

Source: Developed and calculated by authors, (2023).

Generally, in the Sudan there is a lack of precise data available on either entrepreneurial investment projects or entrepreneurial activities (Gangi and Mohammed, 2019). Respondents to our questionnaire answered 45 questions concerning the role of government policies and the economic factor. The role of the government is undoubtedly important in either enhancing or deterring entrepreneurial activities.

The statistic in Table 5 shows that 27% of the respondents strongly agree with the legislation of the government which contributes to the development of entrepreneurial activities, and 27.8% of the respondents agree with this item. That makes up 54.8% of the respondents. 15.5% have neutral opinions about this item (62 of the respondents), while 20.8% of the respondents disagree with this item (83 of the respondents), and only 9% of the respondent strongly disagree with this item. This indicates that a high number of the respondents see the government enacting legislation that contribute to the development of entrepreneurial activities.

When considering government agencies providing financing facilities for entrepreneurs, respondents who agree and those who strongly agree with the financing facilities provided by the government for the entrepreneurs make up 47% of the entrepreneurs. And 25% of the respondents disagree with this item, only 11.5 of the respondents strongly disagree with this item. This indicates a neutral attitude.

Regarding the item that the government agencies provide opportunities for entrepreneurial training in Sudan, 22.8% of the respondents strongly agree and 24.5% of the respondents agree. 15.5% of the respondents have a neutral opinion towards this item. Respondents who disagree represent 37.2%. This also indicates a neutral attitude. It is now well-recognized that education and training opportunities play a key role in cultivating future entrepreneurs and in developing the abilities to exist entrepreneurs to grow their business to greater levels of success (Cooney, 2019).

When we take a look at the item of limited opportunities for entrepreneurship education that the Khartoum State offers to entrepreneurs, 53.4% of the respondents agree with this item. 15.2% of the respondent have neutral opinions. 31.2% disagree. That indicates a neutral attitude towards this item. Concerning entrepreneurship training, 67% of the respondents agree that there are limited opportunities for entrepreneurial training in Sudan, while 16.5% disagree with this item. This means more respondents agree to the limited chances of training in this field in Sudan.

Tax fees imposed on entrepreneurs are large in a way that hinders the progress of entrepreneurship, 37.5% of the respondents strongly agree with this notion, and 25% of the respondents agree. Those who disagree represent 23.2% of the respondents. This indicates that there is high agreement about the high tax fees forced by the government which hindered the progress of entrepreneurship. Many studies concluded that high taxes deter entrepreneurs from starting their own businesses (Watson and Keading, 2019; Stenkula, 2009).

When we mentioned the responsible authorities provide business licenses but not everyone who wants them can obtain them, it is found that 66.7% of the respondents agree with this notion and those who disagree represent 19.6%. This indicates that there is agreement from the entrepreneurs about the difficulty of getting a business license for everyone who applies for it from the responsible authorities.

Governmental agencies empower and assist entrepreneurs by providing them with their requirements. About one-third of the respondents agree while more than 50% thought

otherwise. This indicates that most respondents thought that there is weak assistance and empowerment from the government toward entrepreneurs.

Young people tend to enter the field of entrepreneurship due to limited government employment opportunities. We found that 82.7% of the sample agree. This indicates that very high numbers of entrepreneurs entered the entrepreneurship field due to limited government employment opportunities. The ever-increasing number of graduates from tertiary institutions makes it difficult for the government to provide jobs for them.

when considering entrepreneurship has become one of the best solutions to the problem of unemployment, more than 80% agree with this notion. This indicates that many of entrepreneurs see entrepreneurship as a solution to their unemployment issue.

Table 6. The respondents' opinions toward items of the second axis (Economic Factor)

Items	strongly agree	agree	neutral	disagree	strongly disagree	mean	rank	Approval level
Business incubators have a great role in supporting entrepreneurship	90	146	105	41	18	3.62	7	Agree
	22.5%	36.5%	26.2%	10.2%	4.5%			
Microfinance programs have actively contributed to the development of entrepreneurial activities	91	149	78	52	30	3.55	8	Agree
	22.8%	37.2%	19.5%	13.0%	7.5%			
There are several obstacles in microfinance programs such as the inability to pay-back and the failure of the project in question	131	156	64	37	12	3.89	6	Agree
	32.8%	39.0%	16.0%	9.2%	3.0%			
Financial institutions contributed to the development of entrepreneurial activities	55	85	98	106	56	2.94	9	Neutral
	13.8%	21.2%	24.5%	26.5%	14.0%			
The support that commercial banks provide to the entrepreneurs is insufficient	175	126	51	31	17	4.03	4	Agree
	43.8%	31.5%	12.8%	7.8%	4.2%			
Many entrepreneurs rely on self-financing	231	119	21	23	6	4.36	1	Strongly agree
	57.8%	29.8%	5.2%	5.8%	1.5%			
Entrepreneurship requires the presence of financial saving to initiate a specific commercial project	195	152	35	9	9	4.29	2	Strongly agree
	48.8%	38.0%	8.8%	2.2%	2.2%			
An entrepreneur must provide the necessary insurance for all work requirements	198	141	38	18	5	4.27	3	Strongly agree
	49.5%	35.2%	9.5%	4.5%	1.2%			
Family finance is considered one of the sources of finance for entrepreneurs	144	133	74	37	12	3.90	5	Agree
	36.0%	33.2%	18.5%	9.2%	3.0%			
Mean						3.87		Agree

Source: Developed and calculated by authors, (2023).

Business incubators help start-up companies and individual entrepreneurs to develop their

businesses by providing a full-scale range of services starting with management, training, and office space and ending with venture capital financing. 70- 80% of small business doesn't survive their first year. Incubators were developed to reduce the chances of failure of start-up by offering sustainable and fundamental entrepreneurial support and to help them find the resources to maintain a successful start up (Crampton, 2019).

According to the statistic in Table 6 above it shows that 59% of the respondents agree with the great role of the incubators and their role in supporting entrepreneurship. Only 14.7 % of the respondents disagree with this item. This indicates that there is agreement about the great role of incubators in supporting entrepreneurship.

About the item Microfinance programs have actively contributed to the development of entrepreneurial activities, 22.8% of the respondents strongly agree with it represent 91 of the respondents. 37.2% of the respondent which represents 149 of respondents, and 19.5% of respondents have neutral opinions towards this item which represents 78 of the respondents. 13% of the respondents disagree and only 7.5% of the respondents strongly disagree with this item which represents 82 of the respondents. This indicates that entrepreneurs find microfinance programs have actively contributed in the development of entrepreneurial activities.

There are several obstacles in microfinance programs such as the inability to pay back and the failure of the project in question, here the statistics show that 32.8% of the respondents strongly agree which represents 131 of the respondents. And 39% of the respondent agree with it which represents 156 of the respondents. 16% of the respondents have neutral opinions towards this item which represent 64 of the respondents. And 9.2% of the respondents disagree with this item which represents 37 of the respondents. Just 3% of the respondents strongly disagree which represents 12 of the respondents. This indicates that there is a high agreement about the obstacles in microfinance programs such as the inability to pay back and the failure of the project in question.

Entrepreneurship can be refined among the present youth, and it can be developed systematically with the help of Banks and financial institutions (Misal Dilip, 2016). About a third of respondents agree that financial institutions contributed to the development of entrepreneurial activities in Khartoum State. More respondents, however, disagree with this. This indicates that the support that commercial banks provide to the entrepreneurs is insufficient.

The item that many entrepreneurs rely on self-financing, more than 85% of the respondents agree with that. This indicates that high agreement about relying on self-finance entrepreneurs.

Entrepreneurship requires the presence of financial savings to initiate a specific commercial project, almost 90% of the respondents agree with this item. This indicates that there is very high agreement about entrepreneurship requires the presence of financial saving to initiate a specific commercial project.

An entrepreneur must provide the necessary insurance for all work requirements. 50% of the



respondents strongly agree with it and 35 % of the respondents agree. Only 5.7% of the respondents disagree and strongly disagree with this item. This indicates that entrepreneurs see insurance for their work as a requirement.

Family finance is considered one of the sources of finance for entrepreneurs. This item shows that 68% of the respondents agree. This indicates that there is agreement about considering family finance as one important source of finance for entrepreneurs.

Table 7. Mean and T-Test value for “Governmental Policies and Directives”

Items	Mean	S.D	T-Test	P-value
The government enacts legislation that contributes to the development of entrepreneurial activities	3.43	1.321	6.511	0.000
Government agencies are working to provide financing facilities for entrepreneurs	3.26	1.383	3.795	0.000
The government agencies provide opportunities for entrepreneurial training in Sudan	3.19	1.385	2.708	0.007
There are limited opportunities for entrepreneurship education that the State offers to entrepreneurs.	3.37	1.288	5.786	0.000
There are limited opportunities for entrepreneurial training in Sudan	3.77	1.159	13.326	0.000
The tax fees imposed on entrepreneurs are large in a way that hinders the progress of entrepreneurship	3.69	1.324	10.381	0.00
The responsible authorities provide business licenses but not everyone who wants them can obtain them	3.74	1.258	11.725	0.004
Governmental agencies empower and assist entrepreneurs by providing them with their requirements	2.82	1.286	-2.875	0.000
Young people tend to enter the field of entrepreneurship due to limited government employment opportunities	4.20	1.024	23.448	0.000
Entrepreneurship has become one of the best solutions to the problem of unemployment	4.16	1.075	24.674	0.00
All items of axis	3.56	0.554	320.322	0.000

Source: Developed and calculated by authors, (2023).

Table 7 shows a comparison between hypothesized value (3) and the mean of governmental policies and directives which equals 3.56, the sign of the test is positive, so the mean of governmental policies and directives is significantly greater than the hypothesized value 3. In conclusion, the respondents agreed to this axis.

Table 8. Mean, and Test value for “Economic Factor”

Items	Mean	S.D	T-Test	P-value
Business incubators have a great role in supporting entrepreneurship	3.62	1.078	11.545	0.000
Microfinance programs have actively contributed to the development of entrepreneurial activities	3.5	1.190	9.201	0.000
There are many obstacles in microfinance programs such as the inability to pay back and the failure of the project in question	3.89	1.058	16.876	0.000
Financial institutions contributed to the development of entrepreneurial activities	2.94	1.260	-0.913	0.362
The support that commercial banks provide to entrepreneurs is insufficient	4.03	1.122	18.308	0.000
Many entrepreneurs rely on self-financing	4.36	0.929	29.371	0.000
Entrepreneurship requires the presence of financial savings to initiate a specific commercial project	4.29	0.887	29.030	0.000
An entrepreneur must provide the necessary insurance for all work requirements	4.27	0.900	28.279	0.000
Family finance is considered one of the sources of finance for entrepreneurs	3.90	1.085	16.585	0.000
All items of axis	3.89	0.511	4.115	0.000

Source: Developed and calculated by authors, (2023).

Again, the mean value of the economic factor items is 3.89 which is significantly greater than the hypothesized 3.0 and so the respondents agree to items of the economic factor.

Table 9. Correlation Matrix

Correlation		Governmental Policies and Directives	Economic Factor
Governmental Policies and Directives	Pearson Correlation	1	
	Sig. (2-tailed)		
	N	400	
Economic Factor	Pearson Correlation	.226**	1
	Sig. (2-tailed)	.000	
	N	400	400

Source: Developed and calculated by authors, (2023).

The table above shows that there is a significant correlation between the governmental and orientations factor and the economic factor whereas the Pearson correlation factor = .266\*\*, Correlation is significant at the 0.01 level.

## 5. Conclusions

The entrepreneurs thought that government legislation contributed to the development of entrepreneurial activities.

The entrepreneurs considered that the opportunities for entrepreneurial training in Sudan are limited.

One major problem for entrepreneurs is the high tax fees which hinder the progress of entrepreneurship.

Also, entrepreneurs thought that not everyone could get a business license.

Furthermore, they tend to enter the field of entrepreneurship due to limited government employment opportunities.

Entrepreneurs considered entrepreneurship as one of the best solutions for their unemployment problems.

Business incubators play a major role in supporting entrepreneurship in Sudan.

Microfinance programs contributed to the development of entrepreneurial activities, although the entrepreneurs face obstacles in such programs for example” inability to pay back and the failure of their projects”.

Entrepreneurs thought that the support from commercial banks is insufficient.

Self-finance and family finance are important sources for getting money to execute entrepreneurial activities.

Last but not least, they thought that there must be the necessary insurance for work requirements.

### **Recommendations**

1. The government agencies should work more to provide financing facilities for entrepreneurs in a way that may contribute to the development of the entrepreneurial activities.
2. The government of the State needs to concentrate more on offering opportunities for entrepreneurship education and entrepreneurial training as they are necessary to improve entrepreneurial activities.
3. It is very important to decrease tax fees because it is a huge obstacle facing entrepreneurs.
4. Business licenses need to be provided for everyone who has the ability and desire to establish a business.
5. Commercial banks need to find ways of solutions to deal with the obstacles that face entrepreneurs with the microfinance programs, above that it is important to provide more support to the entrepreneurs to encourage them to enter the entrepreneurship field.

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