

EXPLORING ENTREPRENEURIAL FRAMEWORK CONDITIONS IN LIBYA: A NATIONAL EXPERTS' PERSPECTIVE

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Abstract

In light of studying the entrepreneurial ecosystem in Libya, this paper aims at exploring entrepreneurial framework conditions (EFCs) that can play a role in the development of entrepreneurship and enhancement of entrepreneurial activities. EFCs that investigated include: entrepreneurial finance, government policy, government entrepreneurship programmes, entrepreneurship education and training, R&D transfer, commercial and legal infrastructure, entry regulation, physical infrastructure, and cultural and social norms. Relevant topics to entrepreneurship were also investigated. Amongst them are: entrepreneurship and youth, wellbeing, interest in innovation, attention to high growth, women's support to start-up, intellectual property rights, entrepreneur social image, and abilities, knowledge and opportunities to start-up. The methodology followed is based on the Global Entrepreneurship Monitor's methodology. The main source of data was national expert's survey, through conducting interviews with 36 national experts in fields related to entrepreneurship. This is in order to having their perspectives on relevant EFCs and others. This paper provides one of the first entrepreneurship and innovation research on Libya. It illustrates, in details, figures and perceptions on EFCs in a business environment of post-conflict country. It has been concluded that the most unfavourable conditions for entrepreneurial activity in Libya are entrepreneurship education and training, government programmes, and R&D transfer. Whereas the most favourable ones are physical infrastructure, internal market-dynamic and commercial infrastructure, respectively. Overall, this paper offered one glimpse into nature of EFCs in Libya that may help researchers, practitioners and policy-makers understand possible improvement opportunities for EFCs, with clarifications on challenges that Libya may face to improve EFCs.

Research paper

Keywords: Entrepreneurship; Libya; Innovation; Entrepreneurial Framework Conditions; Entrepreneurial Ecosystem

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Introduction

The entrepreneurial ecosystem in Libya suffers from several deficiencies, where EFCs have been affected in different aspects. Indeed, Libya has recently experienced significant political, social and economic changes in its state and society. In line with these changes, the country's political leadership has been struggling to redevelop the economy and put the country on a pathway towards more inclusive and sustainable economic progress. In this regard, much attention has been given to the role of the private sector as a potential engine for economic growth and job creation.

Evidently, due to decades of state dominance on most of economic activities under the former regime, the country's private sector has been small and marked as informal (Ali and Omar, 2015). The situation is changing rapidly as more Libyans can see new opportunities in the emerging private sector. Yet there is little quantitative and qualitative research of the current state of private sector activities in the country and even the state of the sector itself prior to the uprising.

According to ADB (2010), the Small and Medium Size Enterprises (SMEs) sector before the uprising was dominated by the production of food, wood, and metals for construction. Some small firms were engaged in the production of clothing, ceramics and bricks, grain milling, and publications. No figures, however, were available to assess the relative size of this sector or its growth. Moreover, in the context of Libya's oil-dominated economy and continued large role of the state as an employer (with the public sector employing some 75% of the country's labour force), there is little under-

standing of the propensity for significant and sustained entrepreneurial activity.

Furthermore, in the context of continued fragility associated with the government structure and weak capacity within the public sector administration, there is little ability for government to understand the needs of the emergent private sector and to propose new policies and regulatory reforms aimed at fostering growth in the private sector activity and entrepreneurship. In this field, the World Bank's "Doing Business" 2014 Report ranks Libya 187 amongst 189 countries included in its study (WB, 2014, p. 3). The focus of the World Bank in this study was on the ease of starting a business, as doing business data measures the number of procedures, time and cost for SMEs limited liability company to start up and formally operate.

Recently, the situation has not changed much. According to a survey done by Forbes Magazine about The Best and Worst Countries for Doing Business 2018, Libya was ranked the second worst country in the world for doing business. It came 149th out of 150 countries in this survey. Only Afghanistan was rated worse. In this regard, it is significant to indicate that countries measured in this survey were rated according to 15 different factors. Among them were property rights, innovation, taxes, technology, corruption, infrastructure, market size, political risks, quality of life, workforce, freedom (personal, trade and monetary), red tape and investor protection (Badenhausen, 2017).

Thus, with these relevant low ranks related to several aspects of starting a business, the authors can confirm that a gap exists in the Libyan

economy and there is an urgent need to reform it to kick-start the private sector and reinvigorate entrepreneurship in Libya. In this context, Ali and Omar (2015) provide valuable information on the aspects of entrepreneurship in Libya, including the attitudes, activities, and characteristics of individuals that participate in various phases of entrepreneurship, as well as, aspirations that these entrepreneurs hold for their businesses. Regarding Entrepreneurial Framework Conditions (EFCs), they briefly conclude that 'the most unfavourable conditions for entrepreneurial activity in Libya are entrepreneurship education at primary and secondary schools, followed by government programmes, followed by R&D transfer. Whereas the most favourable condition is physical infrastructure, followed by internal market-dynamic and commercial infrastructure respectively. At any rate, the assessment of the Libya EFCs seems to be similar to a large extent to the assessment of EFCs in factor driven economies' (Ali and Omar, 2015, p. 59).

With these issues in mind, the attempt in this paper is mainly made to provide a solid baseline understanding of the statue of core competencies needed for entrepreneurship in Libya, its potential and existing barriers to its ability to realise this potential. In order to achieve that, measuring EFCs and other relevant issues in the Libyan business environment and providing a detailed description on these aspects are very significant in this context. This has led to analyse the most important factors that have contributed to create and shape the current EFCs in Libya.

The remainder of this paper is structured as follows. It begins with introducing an overview on the research issue. The next section shows the

importance of study. In section three, the purpose of study has been explained. Section four clarifies the originality and value of this study. Section five provides a brief overview of the research methodology followed in this study. In section six, the focus is on presenting a background on EFCs, while section seven assesses Libya's entrepreneurship environment, exploring in details, the statue of EFCs in Libya. The perceptions of national experts on other topics related to entrepreneurship are introduced in section eight. Section nine provides a conclusion drawn from this study. The final section suggests policy implications for practitioners, policy-makers and researchers.

The Importance of Study

This paper can coherently provide one of the first entrepreneurship research on Libya, and argue that several different weaknesses and limitations need to be resolved: one that puts knowledge accumulation at its core, which recognises the need of good and healthy economic environments to stimulate entrepreneurial activities in Libya. For the many who believe in the urgency of improving development strategies and policies, this paper is a highly valuable source and reference aid. It is hoped that this paper can serve as a stimulus for a further empirical effort in this crucial field of research. It is hoped to build on our data collection and analysis to continue building our own capacity for policy-oriented survey work and data analysis, as well as to support the work of the broader Libyan academic community.

Evidently, no one can deny that the recent conflicts in Libya have destroyed much of the country's physical capital and left so many Libyans either internally displaced or more as refugees in other countries. Unfortunately, these conflicts have been fuelled by young Libyans who could have been otherwise young entrepreneurs, if post conflict governments were wise enough to integrate them into productive jobs. It is a lesson learned from other conflicts that fostering economic growth and creating jobs is a critical component of promoting stability and peace building. Basically, entrepreneurship can be a crucial tool in the reconstruction and stabilisation of conflict-afflicted states. Indeed, from a perspective of entrepreneurship for sustaining peace, it has been recommended that where the United Nation has a peace-building or development mandate, country assessments and peace and conflict analyses should systematically map existing entrepreneurial initiatives, with stressing that this mapping should include an assessment of the “business environment” (i.e., the factors enabling or inhibiting entrepreneurship) (Mahmoud, *et al.*, 2017, p. 1; Khajeheian et al., 2012, 2018). Thus, one can say that any efforts to improve entrepreneurial environment in Libya can be widely guided by the information provided in this paper.

The Purpose of Study

Generally, there is a lack of figures on the development of the private sector in Libya. While there is an identified need for private sector development as an engine of growth and job creation, there is little data-based understanding of the country's private sector and how to incentivise entre-

preneurial activity therein. Towards this end, this study provides a deeper understanding of framework conditions for the development of entrepreneurial activity at a key developmental period for Libya.

The overall aim of this paper is to provide a good evidence-based research on the aspects of entrepreneurship environment in Libya and identify framework conditions needed for its development to enhance entrepreneurial activities. It is designed to identify the constraints to entrepreneurship, and the opportunities for its expansion. The baseline allows assessment of the country's performance level against regional and international benchmarks. It can inform policy interventions to promote entrepreneurial activity and to address policy-making needs in the area of private sector development and inclusive growth.

Originality/ Value

In general, there is a lack of empirical studies in the field of entrepreneurship in technologically underdeveloped countries. Basically, little is known about the capacity for entrepreneurship in such countries. "Yet to date, there is no systematic analysis to explore how context specificities of these regions are contributing to the extant literature on entrepreneurship by providing insightful findings" (Jaim and Islam, 2018, p. 59). Thus, this paper intends to contribute to narrowing this research gap and advance the understanding of entrepreneurship research. As research on entrepreneurship in conflict and post- conflict states is in its infancy, the analysis in this paper can contribute to entrepreneurship and innovation research by illustrating, in

details, for the first time, figures and perceptions on EFCs in a business environment of post-conflict country. Overall, this paper provides first-hand knowledge on the gaps existed in EFCs in the Libyan business environment. These things can be definitely gone in line with an idea of contribution to knowledge, as "the idea of contribution rests largely on the ability to provide original insight into a phenomenon by advancing knowledge in a way that is deemed to have utility or usefulness for some purposes" (Corley and Gioia, 2011, p.15).

Research Methodology

The methodology followed in this paper is based on the Global Entrepreneurship Monitor (GEM) methodology. Thus, it is significant to provide an overview on the GEM methodology. GEM uses a research design that harmonises the data of overall participating countries. This is in order to have reliable data that can be useful in making meaningful comparisons, internally and across countries, over time. In this regard, all participating countries make use of standard research instruments and methodology with specific research strategy. Then, the data is gathered from two main sources: Adult Population Survey (APS) and National Expert Survey (NES). Since this paper reflects the perspective of Libyan experts on EFCs and aspects of entrepreneurship in Libya, the data used in this paper was collected by NES.

NES was designed to provide insights into the entrepreneurial start-up environment in Libya. It was designed to assess a set of factors of EFCs presented in Table 1 and other topics related to entrepreneurship. Such spe-

cial topics are usually chosen by GEM with the possibility for national teams to add other questions. Table 1 shows 9 key factors of EFCs, which include 12 indicators adopted by GEM in surveying national experts regarding their country’s entrepreneurship environment.

Table 1. GEM’s Key Entrepreneurial Framework Conditions

Indicators	Explanation
<i>Entrepreneurial Finance</i>	The availability of financial resources-equity and debt-for SMEs (including grants and subsidies)
<i>Government Policy</i>	The extent to which public policies give support to entrepreneurship. This EFC has two components: 2a. Entrepreneurship as a relevant economic issue and 2b. Taxes or regulations are either size-neutral or encourage new firms and SMEs existed.
<i>Government Entrepreneurship Programmes</i>	The presence and quality of programmes directly assisting SMEs at all levels of government (national, regional, municipal).
<i>Entrepreneurship Education and Training</i>	The extent to which training in creating or managing SMEs is incorporated within the education and training system at all levels. This EFC has two components: 4a. Entrepreneurship education at basic school (primary and secondary) and 4b. Entrepreneurship education at post-secondary levels (higher education such as vocational, college, business schools, etc.).
<i>R&D Transfer</i>	The extent to which national R&D will lead to new commercial opportunities and is available to SMEs.
<i>Commercial and Legal Infrastructure</i>	The presence of property rights, commercial, accounting, other legal and assessment services and institutions that support or promote SMEs.
<i>Entry Regulation</i>	Contains two components: 7a. Market Dynamics: the level of change in markets from year to year, and 7b. Market Openness: the extent to which new firms are free to enter existing markets.
<i>Physical Infrastructure</i>	Ease of access to physical resources-communication, utilities, transportation, land or space- at a price that does not discriminate against SMEs.
<i>Cultural and Social Norms</i>	The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income.

Source: Amoroso *et al.*, 2014, p. 45.

These EFCs are important elements directly linked to innovation and entrepreneurship factors. They are conceptualised as having more specific influence on entrepreneurial behaviour. Thus, the data derived from this survey was processed to have information that can be used to identify aspects of Libya's entrepreneurship environment and to explain the relationship between entrepreneurial activity and economic growth.

NES was conducted during August to September 2013, with the Libyan experts (key informants) selected by the researchers on the basis of their knowledge and experience with respect of the nine EFCs mentioned in Table 1. Given the importance of local conditions, national experts should be consulted since they provide the most relevant explanations for the entrepreneurial environment observed in the economy under assessment. Hence, the sample relevant to NES consists of 36 national experts, with four experts drawn from each of the EFCs. Out of this sample, the following conditions were considered in selecting the sample: a minimum of 25% must be entrepreneurs or business owners, and 50% must be professionals. In addition, some important aspects such as geographic distribution, gender, various economic sectors, level of experience and accessibility had been considered. The research methodology adopted to conduct NES in Libya is an administered questionnaire. It was filled through face to face interviews with 36 Libyan experts, who had been selected on the base of criteria mentioned above, four experts for each factor of EFCs. This was in order to obtain the views of experts on a wide range of items, which measure different varia-

bles of each factor of EFCs. In addition, experts were asked to give their valuation on other topics that were included in GEM cycle. In general, undertaking NES provides insights into the ways in which EFCs and relevant factors either foster or hinder creating and growing entrepreneurial business activities.

The analysis of data collected by NES was mainly based on the fact that each response was measured on a 5-points Likert scale, where a score of 1 = completely false, 2= partly false, 3= neither true nor false, 4= partly true, 5= completely true. In this context, SPSS was used to analyse this data.

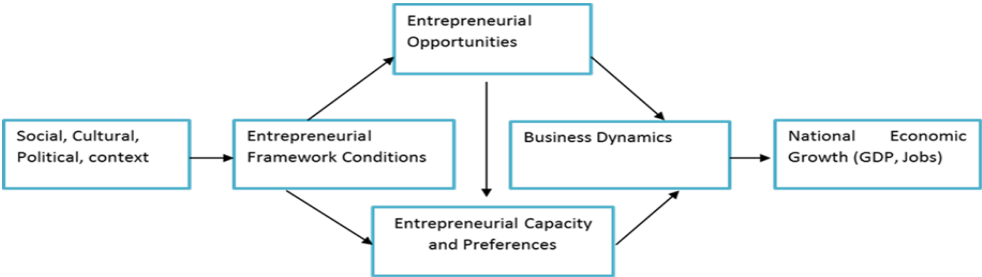
Background on Entrepreneurial Framework Conditions

There is a wide-range of acceptance amongst economists that several conditions can affect the entrepreneurial activity, in both, its inputs and outputs (Guerrero et al., 2015; Salamzadeh, 2015; Salamzadeh and Kawamori-ta, 2017). These conditions represent essential elements that should be existed in a given business environment, where entrepreneurial initiatives can have a chance to succeed and overall resulting in establishment and growth of new firms. These elements have been categorised by GEM methodology under a set of factors, which are described by GEM as EFCs. These EFCs are already presented in Table 1 in this paper.

As EFCs can be considered the rules of the game, it is expected that they may differ from one given country or region to another. These possible differences would directly influence the state of entrepreneurial activity in a given country. Figure 1 shows the way in which entrepreneurial activity is

shaped by EFCs and the possible relationship between EFCs, business dynamics of entrepreneurial activity and economic growth. In fact, the contribution of GEM has gone further to describe and measure, in detail, the conditions under which entrepreneurship and innovation can thrive the economic development and growth in a given economy.

Figure 1. Model of Entrepreneurial Processes Affecting National Economies



Source: Amoroso *et al.*, 2014, p. 44.

As can be noticed from Figure 1, EFCs can have a leading role in creating and enhancing new businesses. They have direct influence on the existence of entrepreneurial opportunities and entrepreneurial capacity and preferences, which leads to determine business dynamics and then contributes to economic growth and creates jobs in the labour market. It has been mentioned that to assess EFCs, participating countries conduct the NES to collect data on these factors and then have information needed to assess them.

Libya's Entrepreneurship Environment

Before exploring the statue of EFCs in Libya, it is significant in this context to give an overview on the economic development level that Libya belongs to, with a comparison to participating countries in 2013 GEM cycle. In this respect, Global Competitiveness Reports identify three stages of economic development, on which countries can be classified. These stages have been classified as factor-driven economies, efficiency-driven economies, and innovation-driven economies. Thus, countries are categorised according to their GDP per capita and the share of exports comprising primary goods. In 2013 GEM cycle, participating countries –which include 70 countries– were classified as shown in Table 2.

Table 2. Economies by Geographic Region and Economic Development Level

	Factor- Driven Economies	Efficiency-Driven Economies	Innovation-driven Economies
Latin America & Caribbean		Argentina ² , Brazil ² , Barbados ² , Chile ² , Colombia, Ecuador, Guatemala, Jamaica, Mexico ² , Panama ² , Peru, Suriname, Uruguay	Trinidad and Tobago
Middle East & North Africa	Algeria ¹ , Iran ¹ , Libya ¹		Israel
Sub-Saharan Africa	Angola ¹ , Botswana ¹ , Ghana, Malawi, Nigeria, Uganda, Zambia	Namibia, South Africa	
Asia Pacific & South Asia	India, Philippines ¹ , Vietnam	China, Indonesia, Malaysia ² , Thailand	Japan, Korea, Singapore, Taiwan
Europe – EU28		Croatia ² , Estonia ² , Hungary, Latvia ² , Lithuania ² , Poland ² , Romania, Slovakia ²	Belgium, Czech Republic, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Por-

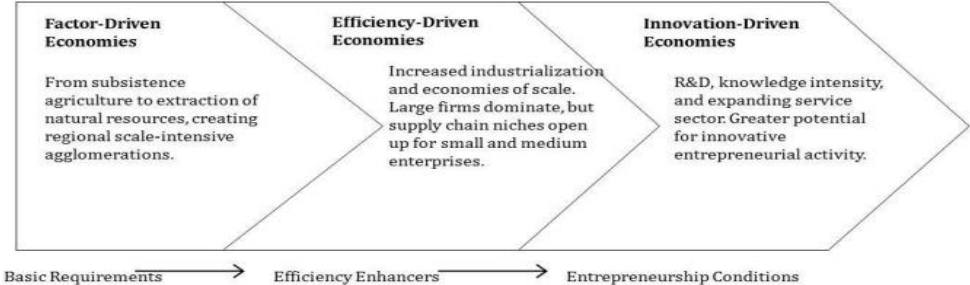
	Factor- Driven Economies	Efficiency-Driven Economies	Innovation-driven Economies
Europe – Non EU28		Bosnia and Herzegovina, Macedonia, Russia, Turkey	tugal, Slovenia, Spain, Sweden, United Kingdom Norway, Switzerland
North America			Canada, Puerto Rico*, United States

- 1) In transition phase between Factor-Driven and Efficiency-Driven.
 - 2) In transition phase between Efficiency-Driven and Innovation-Driven
- Puerto Rice is considered to be a part of North American for its status as an associate state to the United States, even though this economy shares many characteristics of Latin American and Caribbean countries.

Source: Amoroso *et al.*, 2014, p. 10.

In this context, it is wealthy to provide definitions to these three stages of the level of economic development and the possible reflection by entrepreneurship. Figure 2 demonstrates these phases:

Figure 2. Typology and Characteristics of Economic Development Stages



Source: Bosma *et al.*, 2012, p. 13.

Following this approach in determining the level of economic development, and based on its classifications, Libya is classified under the category of factor-driven economies, and it has been in a transition phase between factor-driven and efficiency-driven economy. What does it generally

mean for innovation and entrepreneurship? It is highly expected that there are several limitations and obstacles, which might face existing good entrepreneurial framework conditions in Libya. To have a clear picture on this topic, the most important factors in the Libyan entrepreneurship environment are explored and systematically measured in this paper.

As mentioned in Section 5 in this paper, the analysis of the collected data is mainly based on the fact that each response was measured on a 5-points Likert scale, where a score of 1 = completely false, 2= partly false, 3= neither true nor false, 4= partly true, 5= completely true. Thus, the score of 4 or 5 would indicate that the perception of expert regarding a given factor is positive (favourable), while a score of 1 or 2 would indicate that the perception of expert on a given factor is negative (unfavourable) for entrepreneurship. In this regard, it is important to mention that on the Likert scale of five, a mean score of three is regarded as an average. The relevant figures about Libya compared to other countries in the world on a global scale are shown in Table 3:

Table Error! No text of specified style in document.. Experts' Perceptions of the Strength of Entrepreneurial Framework Conditions

EFCs' Indicators		Libya	The Globe	Factor-driven	Efficiency-driven	Innovation-driven
Entrepreneurial Finance		2.1	2.6	2.4	2.7	2.6
Government Policy	2a	2.0	2.6	2.6	2.6	2.6
	2b	2.6	2.3	2.2	2.4	2.5
Government Entrepreneurship Programmes		1.7	2.5	2.6	2.5	2.7
Entrepreneurship Education and Train-	4a	1.4	2.1	2.0	2.1	2.2
	4b	2.3	2.9	3.0	2.8	2.8

EFCs' Indicators	Libya	The Globe	Factor- driven	Efficiency- driven	Innovation- driven
ing					
R&D Transfer	1.8	2.3	2.2	2.3	2.6
Commercial and Legal Infrastructure	2.9	3.0	2.9	2.9	3.2
Entry Regulation	7a 3.2	3.2	2.8	3.3	3.1
	7b 2.8	2.6	2.4	2.6	2.6
Physical Infrastructure	3.0	3.6	3.7	3.5	3.8
Cultural and Social Norms	2.5	2.9	3.0	3.0	2.7

Based on the figures presented in Table 1, the relevant discussions for Libya on each factor of EFCs are provided in the next subsections. In addition, one can see a clear comparison for Libya on EFCs, as these figures are clearly demonstrated in Figure 3 at the end of this section.

Entry Regulation

According to the assessment of Libyan experts, entry regulation in terms of the market dynamic indicator is the highest factor evaluated in the entrepreneurial conditions in Libya, achieving 3.2 points. This is the same average score of the globe and above the score of factor-driven economies. Thus, Libya is better than several countries in terms of market dynamic. This may indicate that the level of change in the Libyan markets from year to year for both consumer goods and services and business-to-business goods and services is quite good. It can also reflect that the degree of internal competition in the Libyan market is still limited.

For another side of entry regulation, Libya has reached a good score at market openness (2.8 points). It is above the average score of the globe and all economic development stages. This means that new and growing

firms in Libya can easily enter the Libyan market, and there are no significant obstacles to unfairly block entry processes by established firms. Despite the fact that the Libyan institutions are not very strong, for entry regulations, the anti-trust legislation is quite effective and well enforced.

Physical Infrastructure

The second-high score Libya reached regarding the entrepreneurial conditions is on physical infrastructure (3.0 points). It is the same of average level (3.0), which is good. But this score is below the global average and the average scores of all economic development stages. The national experts think that this good score can only attribute to the fact that new and growing firms can get a good access to utilities (water, electricity and sewer) and communication services with cheap prices in a short time. But the quality and capacity of such infrastructure are very low and limited in many areas, especially in rural areas. Many observations can confirm the poor physical infrastructure Libya does have, i.e. Libya still suffers from cutting off electricity and internet services, even in the main cities for some hours. Basically, the physical infrastructure (roads, utilities, communications, and water disposal) do not provide a good supportive environment for new and growing firms.

Commercial and Legal Infrastructure

Regarding commercial and legal infrastructure, Libya has reached (2.9 points). It is quite similar to the global average score and the same as its

economic development stage's category (Factor-driven economy). This score can be just attributed to the high possibility for new and growing firms to afford the cost of using subcontractors, suppliers, and consultants. Moreover, they can easily obtain professional legal and accounting services.

For other important relevant aspects, the national experts indicate that Libya suffers from several weaknesses and limitations in terms of banking services. For example, there is very limited internet banking services in the local banks and firms face many constraints in case of foreign exchange transactions. In addition, it is very notable that the quality level of subcontractors, suppliers, and consultants to support new and growing firms remains an open question. Indeed, institutions that should control the activities of these agencies are weak and not well structured.

Government Policy

Libya is also ranked above the global average score in terms of government policy regarding the applications of taxes and regulations related to new firms and SMEs (2.6 points). However, it does not mean that taxes and other government regulations that apply to new and growing firms are in a predictable and consistent way. It can only be linked to different channels these firms use with the high level of corruption in Libya, as many new firms have not been recently registered themselves at the Taxes Agency, and when some of them they do so, in many cases, these required procedures are not followed and the correct stapes are often not taken in account. In several

cases, these procedures could be attached with a possibility to be based on poor data and relevant information provided by these new firms.

In addition, there is no special support for SMEs, i.e. new and growing entrepreneurial activities are not a high priority at both the local and national government levels. If anything, they are just some policy initiatives from international organisations such as OECD to support Libya in terms of national SMEs strategy (OECD, 2016).

The relevant figures reflect that entrepreneurship as a relevant economic issue is still a marginal issue when it comes to addressing the economic agenda. The score of Libya in this regard (2.0) is below the global average score (2.6) and the average scores of all development stages. Thus, Libya is lagged behind in terms of interesting in entrepreneurship. It is not suppressing in a country where most of economic activities are dominated by public and most firms are still state-ownership.

Entrepreneurial Finance

In terms of entrepreneurship finance, the score of Libya (2.1) is below the global average score (2.4) and it is also below the average scores of all economic development stages. This low score basically reflects the fact that no sufficient funding sources are available for new and growing firms. The national experts think that it is not a matter of money shortage, rather it is a lack of institutional mechanisms dealing with funding processes within the country. It can be also attributed to the limited diversity in the sources of finance in Libya.

In general, there is a lack of funding available from private individuals (other than owners) for new and growing firms. In addition, government subsidies or venture capitalist funding available for new and growing firms are very limited. These issues can be partly linked to the weaknesses and limitations of the Libyan banking system and ineffective funding policies exist. Financiers specially banks, informal investors and business angel do not largely fund young adults' business initiatives. Moreover, micro-credit facilities for young adults to start a business are also inefficient.

Government Entrepreneurship Programmes

With regard to government entrepreneurship programmes, Libya has only reached a very low score (1.7) compared to the global average and the average scores of all development stages. This indicates that Libya is lagged behind many countries around the world in terms of the diversity and quality of programmes that are directly assisting SMEs. The national experts highly confirm that the current government entrepreneurship programmes that are being aimed to supporting new and growing firms are ineffective and still very limited. Although there are some business incubators that have been recently established within the country by the national SMEs programme, most of them are working by a limited active capacity, resulting in limited significant outcomes. In addition, science parks do not exist at all in Libya. Since 2017, new initiatives with support from the European Union to establish start up labs at some Libyan universities have been under processes. It is quite early to assess a success of such project, and its innovation po-

tential has not to be yet fulfilled. Thus, many people with good innovative ideas do not find suitable places to fostering and developing their ideas to translate them into commercial products. It is becoming clear that one may face a difficulty to get proper help from the available government programmes and find what he/ she needs.

Entrepreneurship Education and Training

In terms of entrepreneurship education and training, Libya has got very low scores. These are at both, primary and secondary schools and the higher education level, 1.4 and 2.3 respectively. These scores are below the global average score and the average scores of all development stages. Libya is lagged behind many countries even in the same economic stage category. These are not surprising results, considering the low quality level of Libyan education system at all levels. In reality, the curricula for entrepreneurship education are extremely limited. The education system at the primary and secondary levels does not provide adequate instruction neither in market economic principles nor in adequate attention to entrepreneurship and new firm creation.

At the higher education level, there is no significant difference. If anything, there are few limited curricula in the Libyan business schools, which focus upon courses referring to Enterprise and Entrepreneurship (Omar, 2013, p. 121). In general, Libyan business schools do not provide good and adequate preparation for starting up and growing new firms. In addition, there are limited training courses related to entrepreneurship and

they were often provided by some international organisations as aids for young Libyans. Overall, in best cases, teaching entrepreneurship and related business courses in departments other than business schools is almost non-existing. However, the capacity of Libyan business schools to design and deliver such courses needs further assessment. Especially, as with many other Libyan institutions, there is scant current statistical data available concerning business schools.

R&D Transfer

It is well known that the efficient transformation of ideas and inventions to innovative products and services is crucial and dictates technology transfer and innovation processes (Audretsch, *et al*, 2018). In this context, one of the lower scores Libya has got is on R&D transfer factor (1.8 point). This score is below the global average and the average scores of all economic development stages. Thus, Libya is lagged behind many countries around the world in this field and even the countries in the same economic stage. It seems that although Libya does have R&D capacity, it does not translate it to practical means for contributing to creating new commercial opportunities.

The linkages and interactions between universities and research centres and industry are very weak in terms of technology transfer. Indeed, the national experts believe that new technology, science, and other relevant knowledge are not efficiently transferred from universities and public research centres to new and growing firms. In addition, the current S&T poli-

cy has failed to provide good support for engineers and scientists to have their ideas commercialised through new and growing firms. In fact, this policy was designed more than a decade and half ago and it does not meet the requirements needed to improve entrepreneurship environment with which it can be said that this policy calls for an urgent update. For example, there are neither technology parks in Libya, nor plans to establish them in the near future.

As many SMEs do not have the capacity and capability to undertake in-house R&D activities, this may lead them to outsourcing R&D services. In Libya, there are not adequate government subsidies for new and growing firms to acquire new technology or R&D services. In general, the current S&T base does not efficiently support the creation of world-class new technology-based ventures or encourage the establishment of technology-based SMEs. This can lead to conclude that the technological impact of entrepreneurial ecosystem in Libya is still at low levels.

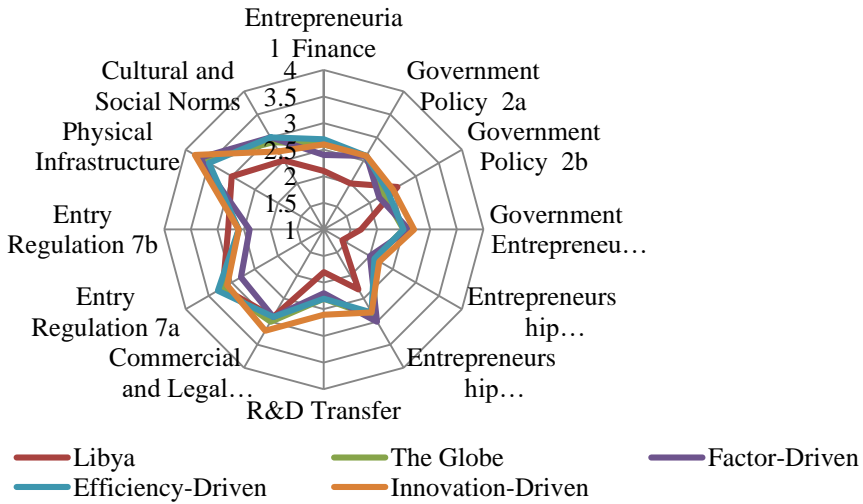
Cultural and Social Norms

Cultural and social norms have been considered by the national experts as an unfavourable factor. Libya has just reached the score of 2.5 point. This score is below the global average score (2.9) and the average scores of all economic development stages. However, Libya is not an exceptional case in this regard. This factor has been identified in many countries with different economic stages as one of the most negative conditions (Amoroso, Bosma, & GERA. 2014).

The influences of cultural and social norms in the Libyan society on the entrepreneurship environment can be seen from several relevant aspects. For example, the national culture poorly encourages creativity, innovativeness and entrepreneurial risk-taking. This culture often does not emphasise self-sufficiency, autonomy and personal initiative. A recent study by Omar (2012a) supports this finding, as it demonstrates the lack of creativity, innovation and entrepreneurship cultures within the Libyan society. In addition, some figures from the World Value Survey 2014 reveal the limitations of several relevant values to entrepreneurship culture in Libya (WVSA, 2014).

One of the big gaps in the cultural and social norms is that Libyans put more emphasis on collective responsibility rather than individual responsibility that someone has in managing his or her own life. From another perspective, although the national culture is generally supportive of individual success achieved through own personal efforts, in many cases, this success is still under an open question, whether it might be attributed to own personal efforts or to other possible options. Such scepticism has been growing with a lack of fair competition within the Libyan society. In general, the national culture supports the tendency of people to imitate some successful business activities that already exist, rather than encourage them to take actions leading to new business methods or activities, which are usually attendant with some risks.

Figure Error! No text of specified style in document.. The Entrepreneurial Framework Conditions in Libya compared to the Global levels



The Perception of National Experts on Topics Related to Entrepreneurship

In this section, an attempt is made to provide an overview on the aspects of some issues related to entrepreneurship in Libya. In order to have such information, the Libyan experts were asked to provide their evaluation on given relevant topics, using the Likert scale of five to express their opinions. Figure 4 shows the mean score of each topic based on analysing relevant data.

Figure 4. The Perception of National Experts on Relevant Factors of Entrepreneurship Environment

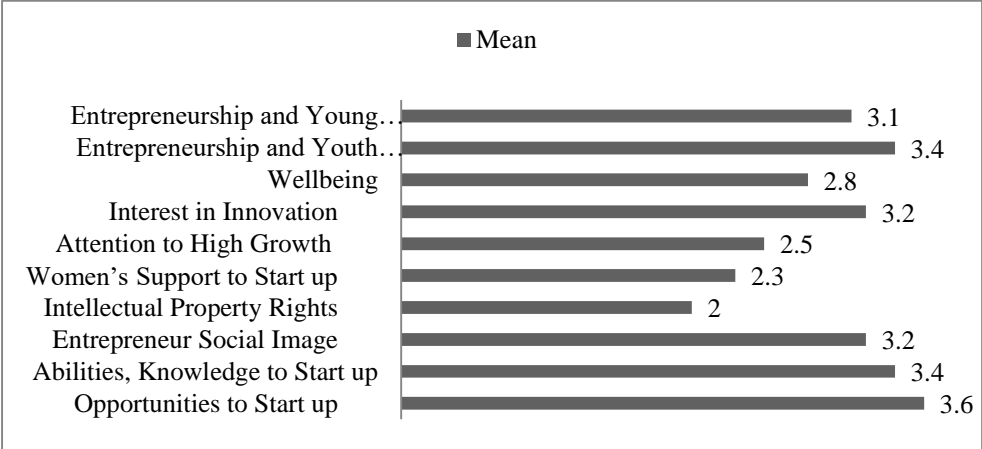


Figure 4 shows some relevant elements that have been influenced by the Libyan entrepreneurship environment and others can affect this environment. The following represents in summary the implications of these elements:

Opportunities, Abilities, Knowledge to Start-up and Attention to High Growth

It is very clear from Figure 4 that the factor of opportunities to start up has recorded the highest score (3.6). The national experts highly confirm the existence of plenty of good opportunities for creation of new firms in the Libyan market. It is highly expected that such opportunities would increase, as Libya needs a construction reform in most aspects of development, with which would lead to widening the absorptive capacity of the Libyan economy.

While there are good chances for people to create truly high growth firms, attention to high growth factor has got a quite low score (2.5). The national experts assert the lack of entrepreneurship support initiatives adopted for high-growth entrepreneurial activity, and there is still limited awareness of policy-makers to the importance of such activity. For example, no accelerators have been established yet in Libya, which can foster the ideas of high growth projects. In general, the potential for rapid growth is not always taken into account when support is provided or as a criterion for selection of recipients to obtain funding or any other kinds of support. This may leave many good opportunities to create high growth firms unexploited.

For the demand side, the analysis reveals that Libya has got a good score (3.4) on the factor of abilities and knowledge to start up. Although this may reflect that many Libyan people have knowledge and experience in starting and managing a small business, the question remains open, whether there would be sufficient number of qualified Libyan people to take advantage of the huge potential opportunities. National experts think that not many people have the ability to correctly organise the resources required for a new business. Thus, people might face several difficulties to react quickly to good opportunities for a high growth business, as they lack the required skills to recognise business opportunities or to manage a new business.

Intellectual Property Rights

One of the most important factors that have influences on the entrepreneurship environment is intellectual property rights (IPRs). In this re-

gard, Libya has reached a very low score (2.0). National experts believe that the IPRs legislations in Libya are no comprehensive neither efficiently enforced. Indeed, one in Libya can realise that the illegal sales of 'pirated' software, videos, CDs, and other copyrighted or trademarked products is extensive. In this context, Omar (2012b) shows that the system of intellectual property rights in Libya suffers from many deficiencies in several aspects and has been fragmented under four Libyan Ministries, thus, losing a possibility to control its processes. In such situation, new and growing firms cannot trust that their patents, copyrights, and trademarks will be respected. According to the current IPRs system in Libya, entrepreneurs would have high concerns about their innovative ideas to start a business and how to protect the industrial designs of their products and services from imitating or other relevant issues to property rights.

Interest in Innovation

The perception of the national experts regarding interest in innovation was a positive factor with a score of (3.2). They think that Libyan companies generally like to experiment with new technologies and with new ways of doing things. In addition, consumers like to use new products and services. Thus, it seems that both, demand and supply sides are interested in innovation. But the analysis reveals that innovation is more valued by consumers than companies, though both of them are open to deal with new entrepreneurial companies. This score might not reflect the reality of innovation at Libyan enterprises, as the general landscape of capacity for innova-

tion in Libya that "the innovation of new products and services was a remote possibility for most of the Libyan organisations" (Omar, 2013, p. 143).

Entrepreneur Social Image and Wellbeing

The entrepreneur social image factor reached the score of (3.2), which is positive. In the Libyan public imagination, entrepreneurship is generally considered to be something good, and most of successful entrepreneurs have a high level of status and respect within the society. However, not many people consider becoming an entrepreneur as a desirable career choice. Libyan people have more tendencies to work at the public sector, where it is more secure to regularly get a monthly salary with less applicable conditions on the quality level of performance required. An absence of the positive role of public media for providing stories about successful entrepreneurs has also contributed to this situation. Indeed, Libya was amongst countries got the lowest scores in terms of media attention for entrepreneurship (Amoroso *et al.*, 2014, p.29). In addition, the general economic, social, political and cultural conditions do not adequately allow people to perfectly harmonise their personal and working life, especially in the private sector.

In general, the national experts perceive that most Libyan people think of entrepreneurs as competent and resourceful individuals, though creation of new ventures could be considered an appropriate way to become rich. The reflection on wellbeing is that Libyan entrepreneurs usually appear as more satisfied with their working and personal life than non-

entrepreneurs. Thus, Libya has reached a satisfactory score on wellbeing factor (2.8).

Women's Support to Start-up

The score of women's support to start up factor is low (2.4). The limitations of such support are represented in several aspects. The analysis shows that there are insufficient social services available for children so that some women can find it difficult to continue working after they start a family. Moreover, starting a new business is still relatively socially unacceptable career option for women. This makes the encouragement for women to become self-employed or start a new business extremely limited. In such conservative societies, women would generally not prefer to work in the private sector out scope of their relatives and family friends. Under such circumstances, Libyan men tend to have more opportunities to start a new business, though the relevant national laws and formal procedures do not discriminate women in this regard (OECD, 2017).

In this context, it is important to indicate that the presence of Libyan women in running a business is a recent phenomenon. The general situation has been gradually changing. Recently there have been several support programmes that have applied for empowering women to participate in entrepreneurial activities. Such programmes would definitely have a positive impact on enhancing women participation in the entrepreneurial activities.

Youth, Young Adults and Entrepreneurship

The scores for youth and young adults' entrepreneurship were 3.4 and 3.1 respectively. In this regard, it should be mentioned that GEM considers youth to be aged at (14- 20) and young adults at (21- 34). These scores are above the average (3.0), which are positive. But this does not reflect the reality of all relevant aspects.

For example, national experts think that there are many opportunities to develop micro business for youth, at the same time the governmental programs do not effectively train and support youth entrepreneurs. In general, self-employed youth usually learn to develop their business activities largely through their own experience and relationships.

The limitation of youth participation in the entrepreneurial activity can be explained from another perspective. Most Libyan families do not rely on youth to contribute to the family's finance. All Libyan youths have an easy access to primary and secondary education, which means that most of them have other options than to look for a job.

A similar situation can be applied for young adults. It has been found that young adults are not significantly involved in entrepreneurship. Several elements have contributed to such situation. There is no adequate system of business incubators that can be accessed by young adults. Financiers (banks, informal investors and business angel) do not largely fund young adults' business initiatives. Micro-credit facilities for young adults to start a business are also inefficient. Moreover, most young adults who have become

entrepreneurs were often helped to start-up by their families and close relatives or friends.

One of the important points that should be mentioned here is that with the limited capacity for entrepreneurship, many Libyan young adults consider life/work opportunities outside the country to be more attractive. However, the immigration of the young Libyan adults outside the country is not yet as a significant phenomenon.

Conclusion

This paper represents efforts to stimulate the work towards increasing our understanding in the field of entrepreneurship in Libya. Although the attempt was made to consider all important aspects of EFCs in Libya with its relevant issues, the authors believe that the best is yet to come! However, this paper can represent the first-hand knowledge based on the findings of empirical study regarding the conditions of entrepreneurial environment in Libya. Indeed, exploring entrepreneurship's environment in Libya in this paper offers a detailed interpretation of fresh empirical findings for understanding and learning about aspects of such an environment in Libya.

Given the tremendous challenges that Libya encounters regarding to youths' unemployment and the low rates of economic participation among women, this paper has paid special attention to assessing the potential for entrepreneurship among these groups. The paper, also, seeks to indicate aspects needed to be resolved when it comes to shaping policy in a way that

encourages entrepreneurial activity among these groups. The general picture reflects that the Libyan private sector at present is struggling from lack of coordination and communication among the various actors. Independent and co-equal institutions have not yet developed mechanisms for working together in an efficient and effective way to serve a common public goal for supporting SMEs and jobs creation.

Interviews with national experts revealed insights on factors impacting the environment for entrepreneurship, which is in this study called EFCs. For the assessment of Libya's EFCs, it seems to be similar to a large extent to the assessment of EFCs in factor driven economies. However, the score of Libya is lower than the average score of factor driven economies in several factors. Libya is lagged behind many countries even in the same economic stage's category. This is in terms of entrepreneurship education and training, government entrepreneurship programmes, R&D transfer, and entrepreneurship finance. Indeed, national experts in Libya gave, on average, low evaluations – particularly related to R&D transfer. Libya has, in the opinion of the national experts, little support from government regulation. In addition, entrepreneurship education and training in primary and secondary school and regulations impacting new and growing firms were among the most negatively evaluated factors in Libya. In addition, Libya suffers from several weaknesses and limitations in terms of physical infrastructure, commercial and legal infrastructure, and government policies related to encourage entrepreneurship. However, physical infrastructure and commercial and legal infrastructure were, relative to the other EFCs, positively assessed

by national experts. Libya is just better than several countries in terms of market- dynamic, which can basically attribute to the fact that the degree of internal competition in the Libyan market is still very limited and there are no significant obstacles to unfairly block entry processes for new and growing firms by under-established firms, where there is a possibility to change this situation at any time as a result of new economic policies expected with new governments.

Under these poor EFCs in Libya, many good opportunities to create new firms and especially high growth firms were unexploited. Beyond such circumstances, there are still several economic, social, political and cultural conditions do not adequately allow people to perfectly harmonise their personal and working life in the private sector. In addition, the absence of the positive role of public media for providing stories about successful entrepreneurs has contributed to this situation. For women, the situation is extremely critical, as a lack of women support programmes as well as starting a new business is still relatively socially an unacceptable career option for women.

Policy Implications

Based on the conclusion drawn on this paper, we can provide some policy implications that may benefit both scholars and policy-makers. This is in order to provide good and actionable insights into possible improvement opportunities for making the Libyan entrepreneurship environment to be more positive and attractive and able to enhance the start-ups and jobs

creation, especially for youths and women. The followings represent policy implications suggested for Libya:

- Libyan government should adopt SMEs development policy that seeks to improve the performance of SMEs and enhance the Libyan entrepreneurship environment in general. This policy should include a strategy for strengthening the overall legal and institutional framework. It should also promote enterprises creation and their diversification, which can provide employment and income opportunities and contribute to economic growth.
- There is an urgent need to make a shift in the current Libyan education system in both perspectives; on what is being taught at all levels of education system and methods used in teaching at these levels. This is for enabling students to acquire necessary competencies needed to meet the requirements of labour market, so they can compete locally and internationally. In addition, training courses are needed for graduates to update their competencies over time. The linkages between education system and labour market should be enhanced and improved. To this end, entrepreneurship education and training can have a role, where entrepreneurship should be taught, at this early stage, at the higher education level in all academic disciplines. If business academics are to optimise entrepreneurship education, more rigorous design, implementation, and evaluation are needed. In addition, entrepreneurship training should be available for all graduates, with a more focus on knowledge and skills needed to

manage a new business. It should provide a better understanding of the entrepreneurial capacity of Libya. Hence, education and training related to entrepreneurship should perhaps pay more attention to EFCs in Libya and the relevant aspects that may get limited attention but could play an important role for entrepreneurs.

- It is becoming clear that all unfavourable factors of EFCs in the Libyan business environment can be directly linked to the major weaknesses and limitations from which the national innovation system in Libya suffers for a long time. The main aspects of these weaknesses and limitations are reflected in the absence of some important institutions and the weak linkages and interactions between the existing relevant institutions, which represent obstacles that can hinder the growth of entrepreneurial activities in Libya, especially high growth businesses. Thus, specific improvements need to be urgently applied to develop relevant elements of the national innovation system, where the propriety should be given to reform the education and funding systems and government regulations related to entrepreneurship.

Overall, it should be indicated that, as the current political context in Libya remains fluid, understanding the new Libyan entrepreneurship environment is fraught with difficulty and uncertainty: Which factors can be improved? Which deficiencies are still relevant? What is new? This paper identified a limited rigorous evidence base on these questions. Thus, further research and studies are needed to monitoring the possible options to im-

prove EFCs in Libya. However, due to the limitation of studies related to the entrepreneurial ecosystem in Libya, an assessment of recent relevant development and exploration of EFCs is crucial in order to understand the possible improvement opportunities for promoting the entrepreneurship environment in Libya. It is hoped that this paper shall thus serve as guidance and scientific reflection for scholars and policy-makers interested in this important field for building the peace and stability in Libya as a post-conflict country. This is a promising area of research and further work is needed to push these primary insights forward.

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