STUDY OF ENTREPRENEURSHIP CHALLENGES USING DELPHI METHOD IN AFGHANISTAN (CASE STUDY: BALKH PROVINCE)

Taheri. Mohammad Hassan, Akhlaqi. Liaqat Ali

1 Academic Vice-Chancellor of Taj Institute of Higher Education, Mazar I Sharif, Afghanistan
2 Dean of Economics faculty of Taj Institute of Higher Education, Mazar I Sharif, Afghanistan

Abstract: Entrepreneurship, according to Schumpeter, is the motor of economic development without which no country can achieve economic development. Today, no one can deny the importance of entrepreneurship, and countries are attempting to promote economic development and job creation by passing policies that affect entrepreneurship development. Afghanistan, being one of the countries suffering from unemployment and economic growth, and entrepreneurship can provide the possibility of making more job and economic development through promoting and growing businesses. This study is also aimed to explore the challenges of entrepreneurs in the context of Afghanistan's Balkh region from the perspective of entrepreneurs. The research data was gathered from the target population, which includes people involved in entrepreneurship, business innovation, and government-related departments. The list of challenges in developing countries that are acquainted with the context of Afghanistan was prepared and discussed with the target population based on the research background and literature review.

The research methodology used in this study was qualitative research using the Delphi method. The researchers analyzed qualitative data to determine true obstacles, problems, and possibilities for entrepreneurship in the context of Balkh province.

According to the research findings, the main challenges faced by entrepreneurs in Balkh province of Afghanistan are policy challenges on a macro scale, financial and economic challenges, Educational and lack of professional skilled human resource challenges, policy and institutional dimension challenges, lack of appropriate infrastructure, and international support and issues are the main challenges faced by entrepreneurs in Balkh province of Afghanistan.

Key words: Entrepreneurship, entrepreneur, entrepreneurs’ challenges, entrepreneurs’ opportunities, entrepreneurship development

1- INTRODUCTION

Entrepreneurship is widely recognized as one of the most powerful sources of power for developing countries seeking to improve their economy. Many prosperous countries attribute their strong economies to their citizens’ entrepreneurial activity. Entrepreneurship entails more than just launching a company. It is the process through which individuals recognize opportunities and utilize resources to create value (Dickson, R. S., Yao, D. & Hill, I. L., 2020). Creating value in a broader sense is frequently the outcome of spotting chances for change. In a nutshell, entrepreneurship is a lucrative method of solving issues (Calvin, 2003). Entrepreneurship develops in the right atmosphere and help the economies and people by generating jobs, inventing innovative solutions to challenges, developing technology that increases efficiency, and exchanging ideas on a global scale (Zoltán J. Á., Szerb L., Lloyd A., 2018). Since 1999, the Global Entrepreneurship Monitor (GEM) has demonstrated on a global scale that there is a substantial association between company start-up and economic development (Amorós, E., Bosma, N., & GERA, 2014). GEM has
also shown that entrepreneurial activity differs greatly between countries. These differences in entrepreneurship can be discovered not only among countries, but also within the countries across regions and territories. Achieving sustainable entrepreneurial activity requires not only the involvement of the government and the private sector, but also the shaping of cultural norms and the education system, the removal of regulatory barriers, financial support for new business initiatives and effective market strategies and network access, and the encouragement of cluster formation, among other things (Isenberg, 2011).

Afghanistan's economy and entrepreneurial activities have been severely harmed by the country's foreign and civil wars, as well as the country's continual change of administration. The development of Afghanistan's economy and entrepreneurship depend on the country's entrepreneurial investments and support. Afghanistan is generally believed to have an incredible talent pool with unlimited entrepreneurial potential. this makes it critical to provide the ideal environment for the development of entrepreneurship. Over the last twenty years, international aid and support has been a critical component of the country's economy, striving to develop security, sectoral growth, and the implementation of rehabilitation projects around the country (Ali. S., Azimi. M. N., 2021) but according to current GDP statistics and economic analysis, the economy contracted by 20.7 percent in 2021. At the same time, the temporary Taliban administration's policies restricting women's education and employment would reduce Afghanistan's economic possibilities (World Bank, 2022). With increment in the percentage from 39% to 47.3% in 2020 according to Asian Development Bank Poverty Data. Afghanistan ranked among poorest countries in the world on the other hand ranked 20th in having young population (UNFPA, Afghanistan, 2022). Afghanistan more than any other time needs its young entrepreneurs to take action and do their part in contributing to the development of their country. Due to importance of entrepreneurship for developing countries and specially for those who are suffering from unemployment and low GDP, this study aims to recognize the challenges as well as the opportunities available to entrepreneurs in Balkh province of Afghanistan.

1-1- Research Question
What are the challenges and opportunities of Entrepreneurship in Afghanistan?

1-2- Research Objective
1. To identify the challenges that Afghan entrepreneurs face with.
2. Ranking and prioritizing the challenges of entrepreneurship in Afghanistan.
3. To identify the opportunities that are available for Afghan entrepreneurs.

1-3- Research Significance
From an academic perspective, there are three links between entrepreneurship and economic development: first, innovation; second, firm start-ups and job creation; and third, competitiveness (Karlsson, C., Friis, C., & Paulsson, T., 2004) Entrepreneurship is a national asset, and entrepreneurs are the engine that drives that asset for any country. It is a dynamic process that may not only grow wealth but also create value, resulting in increased well-being (Mohamed, 2020). Entrepreneurship is important to market economies because Accelerates Economic Growth, Promotes Innovation, Can Promote Social Changes, Promotes Research and Industrial Development and Develops and Improves Existing Enterprises (Mohamed, 2020). While there are some complicated aspects in the linkage between entrepreneurship, economic growth, development, and welfare, entrepreneurship contributes significantly to economic growth (Shobhit, 2021). Entrepreneurship boosts productivity by infusing the economy with a new batch of higher-productivity enterprises, increasing competition among existing businesses, and displacing less-productive ones (Startups usa, 2022). Entrepreneurship plays a crucial role in societal change; thus, it makes sense to grow, inspire, and remunerate this most valuable asset to the maximum degree feasible (Mohamed, 2020). For policymakers and company owners, understanding the link between entrepreneurship and economic development is critical. Understanding the benefits and drawbacks of entrepreneurship allows for a balanced approach to fostering entrepreneurship, which may result in a good economic and societal effect if managed appropriately (Shobhit, 2021). By considering above statements, it seems that entrepreneurship is essential for economic development of poor countries and vital for job creation and increasing GDP of countries to reduce poverty and unemployment in these countries. Afghanistan also is one of the poorest countries with high unemployment rate in the world. So, it would be necessary
Entrepreneurship is derived from the French word of "entrepreneur," which is directly translated into the English idea of "undertake." To start a business simply means to undertake a business (Dickson, R. S., Yao, D. & Hill, I. L., 2020). In other definition, Entrepreneurship is a “process of creating something new with value by devoting the time and effort needed, assuming accompanying financial, psychological and social risks, and receiving the resulting rewards of monetary and personal satisfaction and independence” (Hisrich, R. D., Peters, M. P., 2004). Entrepreneurship, according to the Business Dictionary, refers to the capacity and motivation to organize a business, as well as its possible hazards, in order to benefit from it. According to several research, the function of entrepreneurship as a driving factor of economic development is related to its position as a carrier of innovation to markets (Luis J. S., Liyis G., Eduardo G., Sandra R., 2017). In recent years, entrepreneurship has been seen as the driving force behind economic growth, economic development, employment, and social welfare. The past researches on entrepreneurship indicates that it is the fourth component of economic science, following labor, nature, and capital. Entrepreneurship is regarded as the most significant aspect in the production process. Because entrepreneurship encompasses acts that create things or services by combining production variables such as labor, technology, capital, and natural resources (Yusuf E., Faruk D., 2017). Entrepreneurship is defined as an individual's willingness and aptitude to search out investment possibilities in a given environment and to effectively start and operate a business based on those opportunities. (Okpara, 2000) Following a critical examination of the above definitions, we can conclude that entrepreneurship is a function that involves of any kind; the activity that involves identifying opportunities within the economic system; the formation of new organizations; and the willingness and ability of an individual to seek out investment opportunities in an environment and be able to establish and run a successful enterprise based on the identifiable opportunities. During the 17th century, aggregate conditions created a favorable atmosphere for entrepreneurial operations. Technology and science have advanced, creating several prospects for new economic applications. Experimenters like Huyghens and Leeuwenhoek, as well as innovators like Stevin and Leeghwater, are just a few of the well-known scientists of the time (Cipolla, 1981). During this time, the Dutch Republic was regarded as Europe's scientific edge (Vries, J. de and A. van der Woude, 1995). There is much evidence to support the claim that the Dutch Republic's Golden Age had a highly entrepreneurial economy (Klein, P.W., J.W. Veluwenkamp, 1993). During this time, the Dutch Republic saw relatively rapid economic expansion (Davids, 2000). To summarize, we can identify technological, economic, demographic, cultural, and institutional elements that shaped both the demand and supply side drivers of entrepreneurship. Similarly, it appears that entrepreneurial activity fostered innovation, diversity, and competition, which was linked to economic growth during the time. The Dutch Republic of the late 16th and early 17th centuries is an instructive historical illustration of the numerous influences that shape a successful entrepreneurial economy (Lamberts, 2006). This research proposes that entrepreneurship be defined as the "creation of new firms," and it supports the notion that entrepreneurship aims to understand and encourage the role of new enterprises in supporting economic advancement.

Cantillon offers one of the most prominent definitions of an entrepreneur, defining the entrepreneur as "a person who makes trades and takes risk as a result of purchasing at definite prices and selling at uncertain ones." In other terms, a broker is "someone who is ready to take market risks and bring different market segments together." This in itself reveals certain personal traits of entrepreneurs, namely those who are prepared to take chances and are able to bring diverse segments of the market together through networking and connection building abilities (Cantillon, R. Trans. H. Higgs, 1931). “Most of the solutions are found elsewhere that we need to identify and move from there to our own,” says entrepreneur Bill Gates. (Shane. S., Venkataraman S., 2000) define as “The entrepreneurial function implies the discovery, assessment and exploitation of opportunities, in other words, new products, services or production processes; new strategies and organizational forms and new markets for products and inputs that did not previously exist”. The entrepreneur is the individual who assesses market opportunities and carries the risk of profit and loss by putting production variables such as capital, natural resources, and labor together to generate things or services (YILMAZ, E., SUNBUL, A. M., 2009). The term "entrepreneur" refers to a person who wishes to attain his or her goals of economic survival and progress. In this sense, entrepreneurs are the persons who organize and run enterprises in the entrepreneurial world. In fact, they
are the ones in charge of designing services and goods that we use on a daily basis (Lowrey, 2003). As a result, definitions emphasize a wide variety of activities for entrepreneurs, such as self-employment or working for himself in whatever capacity feasible, supplying inputs of production, tolerance for uncertainty, often known as ambiguity tolerance, in this study, an entrepreneur is defined as someone who starts a new firm, provides a useful product to the market, and creates new job possibilities. According to study which have done by (Dr.N. Santhi and S. Rajesh Kumar, 2011) Entrepreneurship Challenges and Opportunities in India the main obstacles identified were Family Challenges, Social Challenges, Technological Challenges, Financial Challenges and Policy Challenges on the other hand opportunities identified were Free entry into world trade, Governments of nations withdrawn some restrictions, Technology and inventions spread into the world, Encouragement to innovations and inventions, Promotion of healthy completions among nations, Consideration increase in government assistance for international trade, Establishment of other national and international institutes to support business among nations of the world, Benefits of specialization, Social and cultural development. In another study which have done by (Luis J. S., Liyis G., Eduardo G., Sandra R., 2017) Opportunities and Challenges for Entrepreneurial Activity and Non-Entrepreneurial Engagement in Colombia When analyzing change in entrepreneurial activity, changes in 6 aspects were found to be significantly associated with it: financial institutions’ funding offer, public policies to assist new and established companies, access to novel research and technologies, initiatives and specialist team that assists new businesses with high growth potential, and public policies that prioritize the creation of high growth businesses. Findings of the study on Challenges Faced by New Entrepreneurs and Suggestions How to Overcome Them by (Fong. Y. E., Jabor. M. K. B., Zulkifli. A. H., Hashim. M. R., 2019) shows that main challenges faced by new entrepreneurs were Developing Business Idea and Vision, Raising Capital for Start-up, Finding the Right Business Location, Dealing with Competition, Unforeseen Business Challenges and Expenses, Finding Good Customers. A working paper by titled Opportunities and Challenges for Entrepreneurship and Small Business Owners studied by (Moutray, 2008) identified the challenges faced by Entrepreneurs as followed Strengthening the Overall Economy, Taxes and Regulation, Cost and Availability of Health Insurance, Attracting and Retaining a Quality Workforce, Global Competition and opportunities were Increased Investments in Technology and Innovation, “Economic Gardening” and Grooming Local Entrepreneurs, Pursuing New Markets Overseas, Promoting Business Ownership among Selected Demographic Groups, Advancing Education and Training. Findings of the study on Challenges Faced by Startups, Small and Medium Enterprises: A Case Study of Kabul Province by (Mohammadi. Q., Zamani. M., Mokhles. M. R., 2019) shows that main challenges faced by entrepreneurs are Setting up a Business, Barriers to Growth, Climate for Entrepreneurs, and Rule of Law. According to a survey conducted by The World Bank and International Finance Corporation (2014), identified the main obstacles that have hampered business growth and discouraged investment in Afghanistan include political instabilities/security, corruption/bribery, access to land, access to finance, and other key obstacles (Ali. S., Azimi. M. N., 2021). An article by (Akbari, 2020) titled Entrepreneurship and its Challenges in Afghanistan identified the following challenges: lack of security, lack of systematic supports, lack of entrepreneurship culture and also administrative corruptions are the main challenges of entrepreneurship in the country.

**Research Conceptual Model**

Where:

- **C** indicates: Challenges of entrepreneurship
- **O** indicates: Opportunities for entrepreneurs

![Research conceptual model](image)
3- RESEARCH METHODOLOGY

This research in terms of purpose is applied research which is investigating to respond the challenges faced with entrepreneurs in Afghanistan. The research design is a qualitative research approach which is based on experts’ perspectives through Delphi method. The Delphi method, also known as the Estimate-Talk-Estimate (ETE) method, is a systematic and qualitative method for forecasting that involves asking a group of broadcast methods for their perspectives. This approach is based on a subject that is known concerning a particular subject, allowing it to anticipate the outcome of several scenarios, study the probability of an occurrence, or draw a conclusion on a unique one. The Delphi technique was created in the 1950s by RAND Corporation's Olaf Helmer and Norman Dalkey (Rabiee, 2021). The Delphi method, with all of its distinguishing characteristics, was originally utilized as part of a military defense project, which was published twelve years later for security reasons (N. Dalkey, O. Helmer, 1963). The RAND Corporation also produced the first recorded proposal to apply the Delphi approach for non-military reasons (O. Helmer, E.S. Quade, 1963), in which it was proposed to be employed in developing economies planning. The Delphi technique is used in research and entrepreneurship studies (Eshghi, 2022). Because of its widespread use in forecasting, the Delphi method has a surprising number of other applications, including: gathering current and historical data that is not accurately known or available, examining the significance of historical events evaluating possible budget allocations, exploring urban and regional planning options, planning university campus and curriculum development, putting together the structure of a model, Developing causal linkages in complicated economic or social phenomena, Distinguishing and clarifying genuine and perceived human motives, Exposing personal values and societal aspirations as priorities (Linstone, H. A., & Turoff, M., 1975).

In this study, three rounds of questionnaires were distributed to eleven economic experts, entrepreneurs, and university lecturers in order to collect information and reach a consensus on the obstacles and opportunities experienced by entrepreneurs in Afghanistan. Each round, the summary of responses was generated and utilized in the next round with the same questionnaire to develop the answers, and each expert revised their responses if relevant. Finally, at the end of the third round, the responses were compiled and reflected in the research findings. The questionnaire of the study was divided into two sections that addressed the entrepreneurship challenges, and prospective opportunities for entrepreneurship in Afghanistan to entrepreneurs.

4- RESEARCH FINDINGS

The challenges identified by the panel of respondents in two rounds of survey are as follows;

1. A lack of capital as a result of the Afghan people's poor income.
2. Access to financing, particularly after the Taliban took over the country and prohibited interest-bearing loans (due to SHARIA restriction).
3. There was a problem with the country's banking system, which affected money transfers, withdrawals, and loan accessibility.
4. Reduced international trade with Afghanistan as a result of the Taliban's new leadership, particularly with Europe and the United States.
5. Instability of the Afghan currency against international currencies such as the US dollar.
6. Afghanistan's overall economy shrank by 30%, affecting the country's GDP and per capita income.
7. Taxes with a high interest rate and a complicated taxation system for start-ups and SMEs.
8. The Taliban administration is unable to provide financial support to investors and businesses.
9. Lack of entrepreneurship education and quality of education for youth and young people
10. Lack of research activities to promote policies for transforming the country's entrepreneurial situation.
11. Disqualification of the government at the national level in developing and implementing policies to support new start-ups and entrepreneurs, particularly among youth and young people.
12. Corruption and discrimination among government officials in establishing and executing government development initiatives to boost businesses and entrepreneurship at the national and provincial levels.
13. There are less INGOs and NGOs, such as USAID and European countries after formation of new Islamic emirates government, that support to promote entrepreneurial knowledge among people especially young people.
14. Entrepreneurs and investors have a limited capacity to use new and advanced technology such as digital technologies.

15. There is a lack of a digital and electronic platform and foundation to assist entrepreneurs in implementing innovative company concepts.

16. There is a shortage of electronic and digital technicians (high-skilled human resources) in the country, and recruiting from the foreign arena is expensive.

17. Afghanistan's infrastructure, such as electricity, road transportation, air cargo, and customs facilities, is in poor condition.

18. A large number of Afghan specialists and experts are migrating to other countries.

And the opportunities which identified are; Appropriate security condition of the country which is due to end of battle of war in Afghanistan and commitment of the government leadership in bringing changes in economic condition of the people and private sector.

In the third phase of the survey, the panel of respondents asked and ranked the challenges in order of significance. The panel members ranked each eighteen challenges based on Likert scale (1= very low, 2= low, 3= medium, 4= high, and 5= very high) which is shown in below table.

<table>
<thead>
<tr>
<th>Priority</th>
<th>Challenge</th>
<th>Agreed mean of respondent out of 5</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Afghanistan's infrastructure, such as electricity, road transportation, air cargo, and customs facilities, is in poor condition.</td>
<td>4.85</td>
<td>97%</td>
</tr>
<tr>
<td>2</td>
<td>Access to financing, particularly after the Taliban took over the country and prohibited interest-bearing loans (due to SHARIA restriction).</td>
<td>4.74</td>
<td>94.8%</td>
</tr>
<tr>
<td>3</td>
<td>A lack of capital as a result of the Afghan people's poor income.</td>
<td>4.64</td>
<td>92.8%</td>
</tr>
<tr>
<td>4</td>
<td>There was a problem with the country's banking system, which affected money transfers, withdrawals, and loan accessibility.</td>
<td>4.52</td>
<td>90.4%</td>
</tr>
<tr>
<td>5</td>
<td>Taxes with a high interest rate and a complicated taxation system for startups and SMEs.</td>
<td>4.25</td>
<td>85%</td>
</tr>
<tr>
<td>6</td>
<td>The Taliban administration is unable to provide financial support to investors and businesses.</td>
<td>4.20</td>
<td>84%</td>
</tr>
<tr>
<td>7</td>
<td>Lack of entrepreneurship education and quality of education for youth and young people.</td>
<td>4.18</td>
<td>83.6%</td>
</tr>
<tr>
<td>8</td>
<td>Lack of research activities to promote policies for transforming the country's entrepreneurial situation.</td>
<td>4.17</td>
<td>83.4%</td>
</tr>
<tr>
<td>9</td>
<td>There are less INGOs and NGOs, such as USAID and European countries after formation of new Islamic emirates government, that support to promote entrepreneurial knowledge among people especially young people.</td>
<td>4.12</td>
<td>82.4%</td>
</tr>
</tbody>
</table>
Entrepreneurs and investors have a limited capacity to use new and advanced technology such as digital technologies.  

There is a lack of a digital and electronic platform and foundation to assist entrepreneurs in implementing innovative company concepts.  

There is a shortage of electronic and digital technicians (high-skilled human resources) in the country, and recruiting from the foreign arena is expensive.  

Disqualification of the government at the national level in developing and implementing policies to support new startups and entrepreneurs, particularly among youth and young people.  

Corruption and discrimination among government officials in establishing and executing government development initiatives to boost businesses and entrepreneurship at the national and provincial levels.  

Reduced international trade with Afghanistan as a result of the Taliban's new leadership, particularly with Europe and the United States.  

Instability of the Afghan currency against international currencies such as the US dollar.  

Afghanistan's overall economy shrank by 30%, affecting the country's GDP and per capita income.  

A large number of Afghan specialists and experts are migrating to other countries.

<table>
<thead>
<tr>
<th>No</th>
<th>Challenges group</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial and Economics Challenges</td>
<td>Access to financing, particularly after the Taliban took over the country and prohibited interest-bearing loans (due to SHARIA restriction). A lack of capital as a result of the Afghan people's poor income. There was a problem with the country's banking system, which affected money transfers, withdrawals, and loan accessibility. Taxes with a high interest rate and a complicated taxation system for startups and SMEs. The Taliban administration is unable to provide financial support to investors and businesses.</td>
</tr>
</tbody>
</table>
### 5- SUMMARY AND CONCLUSION

Challenges and opportunities which identified in two rounds of the survey are eighteen challenges in five category which are financial and economic challenges, Educational and lack of high skilled human resource Challenges, Policy and Institutional dimension Challenges, Lack of appropriate infrastructure, and international support and issues. In the third round of the survey, respondents prioritized each challenge as they scored them on a Likert spectrum scale. the panel of respondents agreed on eighteen challenges in micro, meso and macro level and two opportunities in context of Balkh province of Afghanistan. It seems that the challenges of entrepreneurship in Afghanistan outnumber the opportunities, making it difficult to force change in the conditions of entrepreneurs. The results show that among the other challenges, Afghanistan's poor infrastructure, access to financing, particularly after the Taliban took over the country and prohibited interest-bearing loans (due to SHARIA restrictions), and a lack of capital as a result of the Afghan people's low income are the most important among the others.
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