

Analysis of Good Governance Policies in the Development of Entrepreneurship in the Islamic Republic of Iran

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Extended Abstract

Introduction

The concept of good governance has emerged as a pivotal framework for fostering sustainable development, enhancing institutional efficiency, and promoting economic and social progress in modern governance systems. In the context of the Islamic Republic of Iran, where the government plays a significant role in economic and social spheres, the integration of good governance principles into public administration is crucial for stimulating entrepreneurial activities within the government structure. Entrepreneurship, particularly within the public sector, is increasingly recognized as a strategic tool for innovation, competitiveness, and economic growth. This study investigates the impact of good governance components on the development of entrepreneurship within the government apparatus of the Islamic Republic of Iran, focusing on how these components can enhance organizational performance, foster innovation, and address systemic challenges.

Research Objectives

The primary objective of this research is to analyze the influence of good governance components—namely voice and accountability, political stability, government effectiveness, regulatory quality, rule of law, decentralization, and participation—on the development of entrepreneurship within Iran's public sector. By examining these components, the study aims to identify the extent to which they contribute to creating an enabling environment for entrepreneurial initiatives among government employees. Additionally, the research seeks to provide actionable policy recommendations to strengthen governance structures and promote a culture of entrepreneurship in the public sector.

Methodology

The research adopts a quantitative, applied approach with a descriptive-correlational design. The statistical population comprises approximately 350,000 government employees in Tehran, representing a diverse cross-section of the public sector workforce. A simple random sampling method was employed, and based on Morgan's sampling table, 384 individuals were selected as the research sample. This sample size ensures statistical reliability and representativeness.

Data collection was conducted using a researcher-designed questionnaire, structured around three dimensions and consisting of 44 items. The questionnaire was developed based on a five-point Likert scale, ranging from "strongly disagree" to "strongly agree," to measure respondents' perceptions of good governance components and their impact on entrepreneurship development. The questionnaire was validated for content and construct reliability, ensuring its suitability for the research context.

Data analysis was performed in two stages: descriptive and inferential statistics. Descriptive statistics were used to summarize demographic characteristics (e.g., age, gender, education level) and key variables, including measures of central tendency and dispersion. Inferential statistics involved the application of Pearson correlation tests to examine relationships between variables and simple linear regression to assess the predictive power of good governance components on entrepreneurship development. The regression models were evaluated for goodness-of-fit using

metrics such as the coefficient of determination (R^2), F-statistics, and Durbin-Watson statistics to ensure the robustness of the results.

Theoretical Framework

Good governance, as conceptualized in this study, encompasses a set of normative principles and institutional practices that promote transparency, accountability, and inclusivity in public administration. Drawing on global frameworks, such as the World Bank's Worldwide Governance Indicators, the study identifies six core dimensions of good governance: voice and accountability, political stability and absence of violence, government effectiveness, regulatory quality, rule of law, and control of corruption. Additionally, decentralization and participation were included as context-specific components relevant to Iran's administrative system.

Entrepreneurship within the public sector, often termed "public entrepreneurship," refers to the process of identifying and exploiting opportunities for innovation, efficiency, and value creation within government organizations. It involves behaviors such as risk-taking, proactiveness, and strategic renewal, which are critical for addressing bureaucratic inefficiencies and fostering organizational agility. The theoretical model posits that good governance components act as independent variables that influence the dependent variable—entrepreneurship development—by creating a supportive institutional environment.

Findings

The research findings confirm that good governance components have a significant positive impact on entrepreneurship development within the government structure of the Islamic Republic of Iran. The main hypothesis, which posited that good governance components collectively influence entrepreneurship, was supported by the regression analysis. The coefficient of determination ($R^2 = 0.498$) indicates that approximately 49.8% of the variance in entrepreneurship development can be explained by the combined effect of good governance components. The Durbin-Watson statistic (1.878) suggests no significant autocorrelation in the residuals, validating the model's reliability.

Sub-Hypotheses Results

The study tested seven sub-hypotheses, each corresponding to a specific component of good governance:

Voice and Accountability: This component, which reflects the ability of citizens and employees to express opinions and hold government accountable, showed a strong positive effect ($R^2 = 0.483$, $\beta = 0.695$, $p < 0.05$). Approximately 48.3% of the variation in entrepreneurship development is attributable to voice and accountability, highlighting the importance of open communication and responsiveness in fostering entrepreneurial initiatives.

Political Stability: Political stability was found to have a moderate positive impact ($R^2 = 0.17$, $\beta = 0.412$, $p < 0.05$), explaining 17% of the variance. Stable political environments provide the predictability needed for long-term entrepreneurial planning.

Government Effectiveness: This component, measuring the quality of public services and policy implementation, had a positive effect ($R^2 = 0.15$, $\beta = 0.387$, $p < 0.05$), accounting for 15% of the variance. Efficient government operations create a conducive environment for innovation.

Regulatory Quality: High-quality regulations that support business activities positively influenced entrepreneurship ($R^2 = 0.235$, $\beta = 0.485$, $p < 0.05$), explaining 23.5% of the variance. Clear and supportive regulations reduce barriers to entrepreneurial activities.

Rule of Law: The rule of law emerged as the most influential component ($R^2 = 0.571$, $\beta = 0.756$, $p < 0.05$), explaining 57.1% of the variance. A strong legal framework ensures fairness and security, encouraging risk-taking and innovation.

Decentralization: Decentralization had a relatively weaker but significant effect ($R^2 = 0.127$, $\beta = 0.356$, $p < 0.05$), explaining 12.7% of the variance. Empowering local institutions fosters localized entrepreneurial initiatives.

Participation: Participation, reflecting inclusive decision-making, showed a strong positive effect ($R^2 = 0.446$, $\beta = 0.668$, $p < 0.05$), explaining 44.6% of the variance. Engaging employees and stakeholders in policy processes enhances entrepreneurial motivation.

Multiple Regression Analysis

A multiple regression model incorporating all seven components was fitted to assess their combined effect. The model yielded an R^2 of 0.491, indicating that 49.1% of the variance in entrepreneurship development is explained by the joint influence of the components. The standardized beta coefficients revealed that rule of law ($\beta = 0.293$), voice and accountability ($\beta = 0.291$), and participation ($\beta = 0.282$) had the strongest impacts, underscoring their critical role in fostering public entrepreneurship.

Implications

The findings have significant implications for policymakers and public administrators in Iran. Strengthening good governance practices can unlock the entrepreneurial potential of the public sector, leading to improved organizational performance, economic competitiveness, and citizen satisfaction. The emphasis on rule of law suggests that establishing a fair and predictable legal environment is paramount. Similarly, fostering voice and accountability and encouraging participation can empower employees to propose and implement innovative solutions.

Limitations

The study is limited to government employees in Tehran, which may not fully represent the diversity of Iran's public sector. Additionally, the reliance on self-reported questionnaire data may introduce response biases. Future research could expand the scope to other regions and incorporate qualitative methods to gain deeper insights into contextual factors.

Conclusion

This study underscores the transformative potential of good governance in promoting entrepreneurship within the government structure of the Islamic Republic of Iran. By prioritizing rule of law, voice and accountability, and participation, policymakers can create an enabling environment for public entrepreneurship, driving innovation and sustainable development. The findings contribute to the growing body of literature on public sector entrepreneurship and provide a roadmap for governance reforms in Iran.

Keywords: Good Governance, Entrepreneurship Development, Government Structure of the Islamic Republic of Iran.

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