

ENTREPRENEURIAL LAW AND INNOVATION: EXPLORING LEGAL BARRIERS AND ENABLERS FOR STARTUPS IN DEVELOPING NATIONS

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Abstract *Entrepreneurial law plays a crucial role in shaping innovation and startup development, especially within developing nations where structural, institutional, and legal challenges often hinder business growth. This paper examines the intricate relationship between law, entrepreneurship, and innovation, emphasizing how outdated regulations, weak enforcement, and bureaucratic inefficiencies impede entrepreneurial activity. It explores the concept of entrepreneurial law as a multidisciplinary framework encompassing corporate, labor, intellectual property, tax, and competition laws that govern the startup lifecycle. The analysis identifies key legal barriers, including complex regulations, inadequate contract enforcement, weak IP protection, restrictive labor and tax policies, and pervasive corruption. These factors collectively create uncertainty and discourage innovation-driven entrepreneurship. Conversely, the paper highlights potential legal enablers that can foster innovation—such as streamlined regulatory processes, strong IP protection, transparent governance, and adaptive legal reforms that encourage experimentation. Ultimately, the study concludes that consistent, open, and responsive legal systems are essential for transforming developing economies from factor-driven to innovation-driven models, thereby promoting sustainable entrepreneurial ecosystems and inclusive economic growth.*

Keywords: *Entrepreneurial Law Innovation Startups Developing Nations Legal Barriers Intellectual Property*

1. INTRODUCTION

Entrepreneurship has long been recognized as a catalyst for economic development, job creation, and technological progress. Startups and generally the advantage of innovation and creativity especially the mediation of scientific researches and usability. Prolonged within the context of the developing nations, entrepreneurial activity, in its turn, is highly constrained by structural, institutional, and legal factors corrupting the success of the startups within the country. Although the most commonly cited ones are the economic and financial barriers, the legal aspects, both with the complexity of the regulations and the protection of the intellectual property, also play a role. The connection between law and entrepreneurship therefore is a sensitive area of study particularly in the concept of countries who wish that they have evolved into factor based economy to innovation based economy.

The paper will review their effect on the startup development by the entrepreneurial law in the sense of the body of laws, regulations, and legal institutions under which the formation of business is determined in the third-world countries. It examines the barriers to innovation and facilitators to the existence of entrepreneurial ecosystems. This paper will apply a comparative and analytical scenario on how the law can suppress or promote innovation. At the end, the paper notes that we should have consistent, open and responsive laws to realize the potentialities of startups, and develop the process of creating sustainability and innovation-oriented economies in the developing world.

2. THE NEXUS BETWEEN LAW, ENTREPRENEURSHIP, AND INNOVATION

The relationship between entrepreneurship and law is symbiotic. The legal systems are the structure in which businesses are run, rights and duties as well as the dispute resolution systems. The most productive environment is the innovation environment in which the laws are forecastable, the property rights are secure and are stimulative to take risks. Conversely, ambiguous, erratic and incompletely implemented laws lead to uncertainty that deters investment and innovativeness.

It is a weak nexus that is particularly observed in the developing countries. The majority of the legal systems are either archaic or redundant or not performed in the proper way. The regulations which kill innovation and slow business processes take a toll on the business owners. The outcome is a topography of informal entrepreneurship that possesses a minimal formal innovation. In order to access law and innovation in these settings therefore one has to examine the institutional mode of legal institutions as well as the regulatory environment within which the entrepreneurship action ought to be planned.

3. THE CONCEPT OF ENTREPRENEURIAL LAW

Entrepreneurial law does not constitute a codified field, but a cross-disciplinary field, and is inspired by corporate law, intellectual property law, labor law, contract law, and regulatory law. It covers legal principles and regulations, which have the potential of affecting startups throughout the entire lifecycle - at the start, scale and, lastly, exit. Unlike the old business law, which is modeled to the requirements of the already established companies, the laws of startups are sensitive to the needs which are peculiar to the companies that live in the highly uncertain environment and are based on innovation and risk-taking.

The significant elements of the law of entrepreneurship include:

- Business formation laws are legislations which outline how a venture would be easily registered as per licensing and commencement of operation.
- Venture capital laws and securities laws.
- Intellectual Property (IP) rights that safeguard inventions, brands, and other artistic works.
- The labor laws and the tax laws apply to hiring decisions and financial sustainability.
- Competition laws, which prohibit monopolist behavior that can pleasure new entrants.
- The enforcement and dispute solutions of contracts, which ensure fair and efficient payments of the parties.

These components are ineffective in a wide range in the developing countries. This is because of weak enforcement of the law and bureaucracies and corruption normally transform innovation-facilitating aspects of the law into impediments to innovation.

4. LEGAL BARRIERS TO ENTREPRENEURSHIP IN DEVELOPING NATIONS

4.1. Regulatory Complexity and Bureaucratic Delays

One of the highest levels of suppression of entrepreneurship in the developing countries is through over regulation. The expenses and time of starting a business are made hard by long registration and licensing of most companies, overlapping jurisdictions among others. According to the reports of doing business, the world bank argues that in most nations in Africa or South Asia, just to have a legal presence, entrepreneurs must undergo dozens of processes

and interface with multiple agencies. Such bureaucracies not only slow down the rate of market penetration, but they also compel virtually all the entrepreneurs to the informal sector where he or she experiences unguarded business and the availability of credit.

The other problem which is likely to be affected by the complexity of regulations is innovation. Firms within technology or biotechnology sectors like startups which must be run within those fields must regularly find themselves compelled to abide by outdated or vague policies, which may not always be aware of the specialization of digital or knowledge-based businesses. This type of uncertainty represses the spirit of experimentation as it is discouraging to the investors.

4.2. Weak Contract Enforcement and Judicial Inefficiency

A proper judiciary is a pre-requisite in entrepreneurship. Almost every business that takes place is a result of contracts such as supplier contracts and venture capital contracts. The contracting enforcement is slow and unpredictable and costly in majority of the developing countries. The courts in most instances get overwhelmed, and the trials cases are stalled in graft or ignorance. It is then that entrepreneurs face high-risk levels in which they will not be assured of recourse to law in case of breach or fraud.

One such example is that the resultant effect can be deemed as a reliance on inadvert informal enforcement systems such as social trust or kinship systems, which cannot be gauged to scale-up innovation-based enterprise. The lack of credibility to apply the law leads to investors being scared to finance startups as well as entrepreneurs being defiant to establish formal partnerships, which embody creation of suitable innovation environments.

4.3. Inadequate Intellectual Property Protection

The trick to the innovation is the intellectual property (IP) rights. They offer rewards on creativity so that people who were creative may enjoy the rewards of their inventions. The paperwork in the IP systems could be there but is impractical in the developing countries. Patent departments are poorly resource endowed, the copyright law is ancient and they do not have systems to enforce their laws. This is a climate that does not encourage local innovation and inflow of foreign investments.

An example of this may be an example of a technology start-up in Kenya or Bangladesh, the developer has developed a software product and it would be practically impossible to prevent piracy or infringement. Similarly, in case of pharmaceutical or agricultural biotechnology industries, there are also many cases when inventors find themselves embroiled in patent spousal or just, simply, they lack the financial means to enforce their IP rights in a court of law. This kind of weakness of IP protection thus frees a chain through which imitation is thriving, as compared to innovation.

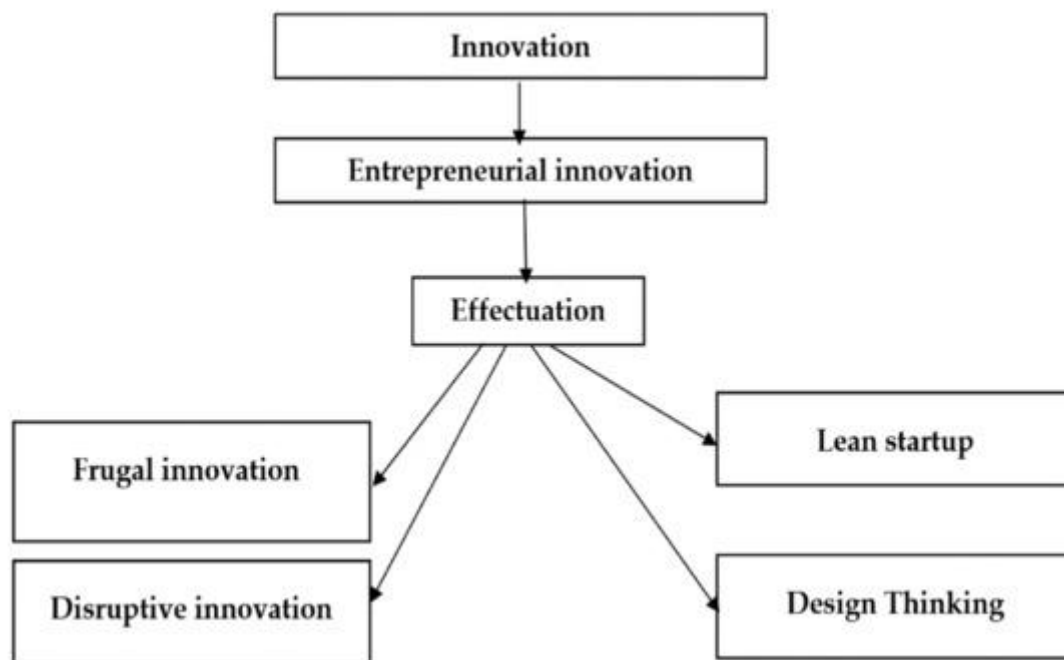


Figure: ENTREPRENEURIAL LAW AND INNOVATION

4.4. Restrictive Labor and Tax Policies

Labor and tax laws are also to a large extent factors that define entrepreneurial activity. In some developing nations, stringent labor regulations make it costly to hire or terminate employees making it impossible to be flexible to a startup that operates within uncertain business environments. Raise the operating expenses further is only realized on high payroll tax or technical compliance. Also, incompetent administration of taxation is another corrupt avenue, wherein the honest business men are at a disadvantage to the bad ones.

Policy taxation can be used to affect innovation indirectly by developing incentives- or eliminating them. In the majority of the developing countries, small businesses have been deterred and the tax structure is oriented towards levying large companies. Experiments and innovation by the businesspeople are limited by the absence of R and D tax credits, startup grants or investment deductions.

4.5. Corruption and Legal Uncertainty

The need to be corrupt is probably the best impediment to the entrepreneur in the emerging economies. The rule of law will be sucked out of legal procedures through the influences of bribery and favoritism and then business will be a matter of contacts rather than ability. The business men, who lack power and funds politically are relegated into the background. Uncertainty in law- This is the unpredictability of law, which occurs owing to arbitrary application or the change in the leadership by the governing council. It is a prerequisite to any investors and founders that there must be predictability and this is not so, then risk-taking will reduce.

5. LEGAL ENABLERS OF ENTREPRENEURSHIP AND INNOVATION

Despite the overwhelming prevalence of the barriers, a number of big examples of facilitating legal regulations that specifically support the growth of entrepreneurship and innovation in the

developing countries, also exist. These enablers can offer fertile grounds on which innovation based growth can grow when developed and implemented appropriately. Legal enablers operate in the different layers, including simplifying bureaucracy, enabling more finance, developing a stronger protection of intellectual property and encouraging responsive regulatory ecosystems that facilitate experimentation. The laws should be implemented as a facilitating and not as a restraining factor to the economy, and the laws themselves should cause the entrepreneurs, the investors and even the consumers, confidence.

Openness, transparency and inclusion of the law reforms are prone to provide realistic results in the establishment of the ventures. In contrast to reactive and punitive systems, enabling legal environments are proactive: meaning that they anticipate the requirements of startups and respond by changing institutional settings. It is this part that evaluates some of the most significant legal facilitators which have been essential in the context of entrepreneurship in the developing settings, its reforms which have been premised on business registration, accessing debt, intellectual property and the creation of regulatory regimes that are conducive to innovation.

5.1. Simplified Business Registration and Licensing

There are radical legal facilitators of entrepreneurship in developing nations which involve ease in business registration and licencing. Traditionally, a lot of the legal business entity registration process was a long, cumbersome and dirty process in most of the emerging economies. A number of approvals, paper work and dealing with multiple government departments provided an opportunity of rent seeking and corruption. These hurdles in the process and actual operations scares away potential entrepreneurs and majority of them were forced to carry out their businesses unlawfully and without legal protection, credit facilities and growth.

Development of entrepreneurship has therefore been engaged with matters of law reforms, which concentrate on facilitating business formation. The level of digital registration, the one-stop service centres and most importantly the enactment of digital registration have led the way in countries such as Rwanda, Chile and Singapore (which has continually been used by developing countries as a model) and as a result facilitated the bottlenecks of bureaucracy to a significant extent. One case in point is the Rwanda Business Registration and licensing Reform, which allowed the registration of a business in a day via electronic platform by the entrepreneurs. These efforts to move towards digital governance help in saving time and enhancing transparency and accountability since human discretion is minimal.

Besides that, compliance is also made easy by the aid of electronic signatures, online licensing and embedded tax identification systems that push the cost down. Since the databases of the state services, including the taxation, social security and the companies registries are fused, the reforms facilitate to eliminate the overlapping, allowing real-time monitoring. These benefits of the systems are manifold: corruption becomes less, the predictability of regulations increases, and the start-ups receive a higher access to formal markets.

Moreover, a culture of compliance is developed through streamlined registration. Informal entrepreneurs are likely to formalize in an environment in which registration is cheap and accessible thereby raising the amount of revenue collected and statistical presence to policy makers. It is a legal empowerment that is extremely significant in the developing economies where informality becomes the centre stage. The ultimate result will be a more participative and dynamic entrepreneur ecosystem.

5.2. Legal Reforms for Venture Capital and Startup Financing

Finance is blood in which entrepreneurship is being practiced and legal structures cannot be ignored that outline the way in which capital will flow within economy. In the past, lack of venture capital and protection measures on the investors against start-ups has restricted start ups in developing countries. The legal innovations that establish clear rules on raising funds, risk and investment transformation may therefore emerge as the powerful innovation facilitator.

The modern day laws governing venture capital, crowdfunding and angel investment schemes provide the startups with a broad array of funding options besides regular bank loans. In case, the Securities and Exchange board (SEBI), of India has had the liberty to implement regulations that govern Alternative Investment Funds (AIFs) that formalized venture capital operations and offered tax breaks to investors. Similarly, the Marco Legal das Startups in Brazil have created regulatory sandboxes - regulated zones in which startups and investors can test new financial products or services, with the supervision of regulators, without being enforced against by standard compliance provisions.

Sometimes, this form of regulatory sandbox may be effective in new markets, where regulation may lag far behind the curve of innovation. They help governments to barter innovation against risk management with advantageous experimentation. As an indicator, Kenya has been familiar with the application of sandbox programs by the fintech startups as innovation hubs, through the Capital Markets Authority, to facilitate the relationship between the entrepreneurs and regulators. This practice will bring in trust and an open mind, because the startups will be operating in the enclosed limits as the regulators will have an idea of what the new technologies are.

The other ways of financing that may be assisted by the legal changes are the convertible debt, equity-based crowdfunding, and start-up accelerators. They do not only introduce diversity to the sources of funds but also get rid of the dependency on the traditional banking networks and concentrate on the early stage investors that will make a risk. Interestingly, the same legal systems which recognize such tools also guarantee the founders as well as the investors as such rights, methods of exit, and mechanisms of resolving disputes are placed on the written law.

Even South African and Nigerian nations are in the process of conducting reforms of the law allowing micro-venture funds or angel networks to bridge major funding gaps of small business enterprises and medium sized enterprises (SMEs). Presence of clear laws on investments and clearly enforceable contracts will provide confidence to the investors and this will result in fact that there is a culture of entrepreneurial risk-taking. These ecosystems become self reinforcing when time goes on and a more welcoming start up introduces the capital and experience into new projects creating a loop of innovation and development.

Additionally, the startup financing may be dramatically increased as it is possible to also introduce tax incentives and credit guarantees provided into the law. Temporary holiday on taxes can be given by governments to start-up businesses, a deduction on account of R&D investment or tax exemption to investors. When these fiscal policies are tied up with forced business trend, rather than with this absolute political set up, there are incentives that can be predicted which will influence counterlong preparation of investments. Conducive legal structures that encourage the establishment of start-up finance not only work well in causing the timely establishment of capital, but it also sends signals to the nation, informing it that it is taking growth to a more innovative stage.

5.3. Strengthening Intellectual Property and Innovation Law

The other important legal facilitator is a good intellectual property (IP) system that protects and rewards innovation. In the instance of startups, IP rights are a protection of the innovative approach, or a literal instrument, which may bring in the investors, borrowing or having collaborations. In third world countries however, the enforcement has been loose and minimal information known about the protection of IP because of poor awareness.

The contemporary reform in law over patent and trademark regulations and copyright law through legal reform can transform innovation domains. Those countries who had difficulty in implementation of IP such as South Korea and China have shown that with further investment in IP institutions, then the rate of technology advancement can be expedited. Computerization of IP registries, facilitation of filing, and registering small innovators at low cost in most developing countries in Africa and Asia has been demonstrated to enlarge the access.

Legal support managers are also significant. The universities can have IP assistance centers where governments can provide legal aid at no fee or at a subsidized fee to the startups who would be interested in registering patent or trademark. Supposed in the legal aid programs, small entrepreneurs experience cumbersome procedures, in which innovation is not controlled by large corporations. In addition, specific IP courts or tribunals may be employed in order to reverse infringement cases faster, which will provide confidence in the inventors.

Foreign investment and transfer of technology can also be developed countries bringing national IP laws in line with international levels which incorporate that of the World Intellectual Property Organization (WIPO) as well as that of the TRIPS Agreement. However, the harmony of this harmonization should be harmonized with the local needs. Too many IP laws may slack access to inexpensive medicine, or preempt incremental innovation. This way, legal systems that have well developed protection and flexibility (compulsory licensing or open-source invention of areas of social interest) prove to be the most effective.

5.4. Dispute Resolution, Legal Support, and Regulatory Innovation

An enabling legal system must also be one that has an efficient dispute resolution system. The markets of the startups are very fast and any delay can be fatal. In the majority of developing nations, the traditional courts are submerged with any commercial dispute and cannot provide adequate capacity to address the same in a timely manner. These issues have made several countries develop alternative dispute resolution (ADR) frameworks (arbitration, mediation and special commercial courts) in order to resolve case quicker and at a reduced cost.

The arbitration contract law that facilitates and ratifies the arbitration contract as it is in India and Nigeria is a system, which the businesses can trust because contractual dispute resolution can be done effectively. Likewise, the commercial small claims court is competent to resolve the small value small disputes of early-stage business that reduce the legal uncertainty and transaction costs.

Legal support and education are other facilitators of entrepreneurship in addition to the dispute resolution. Most business owners have the disadvantage of not being trained in the legal aspect of business, and this makes the process of writing a contract costly and easy to plagiarize, patent intellectual property or obey. Some of the initiatives that can be established to reduce this gap in knowledge are legal aid clinics, startup advisory hubs and university incubators. These supports through legislation when institutionalised by the governments or other development

agencies, create sustainable structures which offer the strength to the entrepreneurs to relate with the legal system.

Last but not least, the new wave of regulation which is an innovation-oriented regulation comes with a new paradigm within the law-entrepreneurship relationship. Obsolete legal systems tend to be hard and innovation needs to be flexible. In other parts of the world like in the United Arab Emirates, India and Singapore, governments have begun to try a form of adaptive regulation - laws, which are dynamically changed, after consulting, forming feedback loops, and piloting. That is why the legal systems will keep pace with emerging technologies such as artificial intelligence, biotechnology and blockchain without choking the evolution of innovations by developing rules too soon or too restrictive.

5.5. Legal Support and Education for Entrepreneurs

In most instances, low legal literacy is experienced among the entrepreneurs in developing countries. Legal risks can be catalogued as very minimal with the help of legal advice and mentorship, and, contract templates. Legal clinics, university incubators and government-funded advisory centers can provide affordable advice to startups. This assistance will ensure that the decisions made by the entrepreneurs are informed, the decisions are made with reference to regulation and organization of the ventures.

6. COMPARATIVE PERSPECTIVES: CASE STUDIES OF LEGAL FRAMEWORKS

6.1. India: Legal Reform and Startup India

It is interesting to consider the case of entrepreneurship that is enabled with the help of certain legal reforms being implemented in India. The startup India program, which introduced a series of legal and administrative reforms and innovations of the simplification of incorporation and tax exemption, and IP protection of startups, came into effect in 2016. The Insolvency and Bankruptcy Code (IBC) has emerged and thus appropriate framework was available to correct the business losses which reduced the risk of investors. However, despite these reforms, there remains the issue of delay and lack of even distribution of the law even at the state level.

6.2. Rwanda: Streamlining Bureaucracy for Business Growth

Rwanda case of reforming on the registration of businesses is also a success story that cannot be cited without appearing in the literature of development. Among the government agencies thus developed was the Rwanda development board (RDB), which is a one-stop business registration and investment Promotion Agency. One can now start a business online in less than 24 hours. Very potent anti-corruption policies and electronic record-keeping were also introduced by the country which increased transparency. Despite the scarcity of capital, Rwanda demonstrates how steady legal change can cause the business to increase significantly

6.3. Brazil: Regulatory Sandboxes and Innovation Law

One example of how developing economies can balance the innovation and regulation relationship can be the Marco Legal das Startups (Legal Framework for Startups), which has been operative in Brazil since 2021. The legislation will identify the startups, give them an easy time to start businesses with the government agencies and establish a so-called regulatory sandbox where a startup will be testing its product under a supervised environment. This consumer protecting but flexible framework is accountable and is an example of how the use of modern tools of law can be applied in order to promote innovation.

7. THE ROLE OF INTERNATIONAL AND REGIONAL LEGAL HARMONIZATION

The need to harmonize the law in various jurisdiction has been brought about by globalization. Entrepreneurs in developing countries would tend to expand into international borders, but distance issue between nations is challenging as there are differences in the law specially, in intellectual property protection area, data protection, taxation and so on. This would be facilitated through international signed treaties such as the TRIPS Agreement (Trade-Related Aspects of Intellectual Property Rights) and regional agreements such as the African Continental Free Trade Area (AfCFTA).

Legal harmonization makes the transaction more predictable and makes them less expensive. A case in point is that the Organisation harmonization of Business Law in Africa (OHADA) has crafted standardised business legislation in 17 West and Central Africa countries and this has offered people in the business a more standing business ambience. The type of models demonstrates that the positive outcomes of the national reform can be improved with the help of regional legal cooperation.

8. LAW, TECHNOLOGY, AND THE DIGITAL ECONOMY

The appearance of digital technologies has transformed the business environment of the entrepreneur. Online cross-boundary ecosystems are to adopt increasingly more start ups. This has been a challenge too and has also created opportunities to the legal systems in the developing nations.

8.1. Digital Regulations and Data Protection

Online entrepreneurship has as its foundations E-commerce, data protection and cybersecurity laws. The newer data protection laws have been implemented into law and put into operation such as the Data Protection Regulation (NDPR) of Nigeria and the Digital Personal Data Protection Act of India, the more likelihood they have to draw the attention of tech startups and foreign investments. These laws help in creating confidence to e-business and information to the consumer and provide legal confidence to online based companies.

However, when no such thing is implemented and half-cooked laws are used, confidence will be ruined. Countries in the third world should also be keen on balancing privacy policies and innovativeness as well as ensuring that data legal obligations do not present the new companies with excessive compliance liabilities.

8.2. Fintech and Regulatory Innovation

Financial inclusion in the developing countries is being reshaped by the innovative financial technology firms that provide digital financial services and micro-lending and payments. Plausible legal frameworks that are effective (e.g. mobile money licensing in Kenya or sandbox models in Singapore and Nigeria) as well as provide facilitation to innovation. Adaptive regulations allow governments to facilitate experimentation without fear of facilitating the interests of consumers.

The issue is that it will be hard to develop an innovation-friendly regulation, which will become more adaptive to the shift in the technology. This is a threat to abolish existing legal frameworks, and conversely, continued versatility of the adaptive regulatory frameworks.

9. GENDER, INCLUSION, AND LEGAL ACCESS IN ENTREPRENEURSHIP

This social and gender inequality is normally combined with the legal restriction. The women entrepreneurs also face other barriers like property limitations, inaccessibility to credit and discriminatory inheritance laws, which are difficult to overcome in majority of the developing countries. The secret of the inclusive of the entrepreneurship is the reformation of such legal systems.

Other examples of these countries include Ethiopia and Philippines among others which have gone ahead to revise their property and business laws in a bid to attain gender equity. Besides that, legal aid services and micro finance services are provided to female entrepreneurs to bridge the gender gap. The inclusive legal systems would guarantee not only the equity observance but source more innovating businessmen that make a country.

10. POLICY RECOMMENDATIONS FOR STRENGTHENING ENTREPRENEURIAL LAW

The legal reforms must be exhaustive, uniform as well as contextual with an aim of promoting entrepreneurship on the basis of innovation in the developing nations. Such recommendations like significant steps to governments and policymakers are:

10.1. Simplify and Digitize Business Processes

The governments in question must continue to relax registration of businesses, licensing, and tax compliance through the digital platforms. The automation of the model reduces bureaucratic oversights, reduces the rate of corruption and increases transparency. Startups Can have one-stop portals which can guarantee lots of requirements being in a single process.

10.2. Enhance IP Protection and Enforcement

This can be improved by the introduction of special IP courts and computerisation of the filing of patent and also the IP registration of start ups are subsidised. Provision of legal support to innovators to ensure that they are assisted specifically to the small-scale entrepreneurs makes protection mechanisms to be equally available.

10.3. Promote Legal Education and Awareness

Legal literacy courses should also be included in the entrepreneurship education offering the founders the knowledge of contracts, taxation, and IP rights. The legal advisory centers funded by the government are cheap and can direct businesses at an early level.

10.4. Foster Innovation-Friendly Financial Regulations

Reforms are necessary, which will permit venture capital and portfolio sources of funds crowdfunding and alternative funding sources. With assistance of regulatory sandboxes, firms will be able to test new business models safely that will appeal to both national and foreign investors.

10.5. Strengthen Judicial Efficiency and Anti-Corruption Measures

I could advance the contract enforcement through reforming of judicial procedures, e-courts as well as ensuring that the judicial appointment is done in a merit based manner. The Anti-

corruption structures and corruption laws must be adhered to similarly to avoid the investor confidence being compromised.

10.6. Encourage Regional Legal Harmonization

The developing nations also need to unite through regional blocs in order to harmonize the business and IP policies. Such harmonization has the impact of increasing the market access, reduced friction in laws across borders, and attracting foreign direct investment.

11. THE FUTURE OF ENTREPRENEURIAL LAW IN THE DEVELOPING WORLD

The future of entrepreneurship in the developing countries is found in the ability of technology and economic change to be subject to a legal system change. The new laws such as artificial intelligence, biotechnology, and blockchain have a variety and require preemptive regulation. The distinction between nations that turn into centers of innovation and those that do not is the one that is founded on legal flexibility rather than rigidity.

The entrepreneurial law in the coming years cannot be preoccupied with the minimization of the barriers, but it must be also visionary as far as the establishment of innovation is concerned. This consists of an interjurisdictional work of lawmakers, entrepreneurs, technologists and scholars. This targets to create flexible legal ecosystems, which are favourable to experimentation and are sustainable and inclusive.

12. CONCLUSION

This is due to the fact that the law of entrepreneurship is a source and frontier in the developing world with regard to innovation. Business flourishes in an environment that has clear, predictable and inclusive laws. Where by nature they are opaque, dismembered or dissolved away, the innovation ceases. The emerging economies are at a critical crossroad; with the institution of the legal institutions to facilitate startups, they are supposed to have the transformative quality of entrepreneurship to drive growth in a sustainable way.

Being a limiting and enabling element to innovation, this paper has discussed, on the two side of the law. First of all, the dimension of bureaucratic reform change, where the intellectual property is being safeguarded, regulation of venture capital and the inclusion of women, the analysis of all of these facets of the legal system is essential to shape the outcome of the entrepreneurship. The path to take is not complex legal systems nor flimsy legal systems, but flexible legal systems developed through adapting to other states, yet systems that are ambitious but not internationalized. Only in such frameworks created, the developing countries would be able to open up their maximum potential of innovativeness and build their economies by rendering them stable within the successive times.

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