

# Chapter 12

## Empirical Investigation for Assessing the Causality of Entrepreneurship Ecosystem With Entrepreneurial Behavior and Attitudes Across Countries

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### EXECUTIVE SUMMARY

*This chapter measures the causal association of the entrepreneurship ecosystem (EE) with entrepreneurial behavior and attitudes (EBA) in 47 countries using log-linear regression equations. Entrepreneurship ecosystem index (ENECIN) and entrepreneurial behavior and attitudes index (ENBEATIN) are used as representative variables for EE and EBA, respectively, in regression analysis while ENECIN and ENBEATIN are the composite indexes of 12 and 11 indicators, respectively, using*

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*principal component analysis. These indicators are reported as key determinants of EE and EBA as per the global entrepreneurship monitor (GEM). There was a high level of diversity in EE and EBA across countries. EE has a positive impact on EBA and vice versa. The causation of EE and EBA with control variables is detected using the Granger causality test. The findings of this chapter are beneficial for global policymakers to implement appropriate policies to reinforce EE and EBA.*

## **1. INTRODUCTION**

Entrepreneurship is an operating system of economic players and governments who start new businesses, ventures, and start-ups to produce goods and services (Singh & Jyoti, 2023c). It works as the creativity of products and knowledge, enhancing social-economic development and technological advancement (Rafiei et al., 2022). Entrepreneurship helps to make potential changes in society through creating job opportunities, increasing the profit of businessmen, maintaining the network of people (Rafiei et al., 2022), and increasing the number of self-employed people (de Rocha et al., 2021). Entrepreneurship emerged as an engine of economic growth (de Rocha et al., 2021). The entrepreneurship ecosystem (EE) is a network of various elements (i.e., social-economic, technology, government, physical infrastructure, and markets) that create business opportunities.

Entrepreneurship ecosystem (EE) is the set of elements—individuals, organizations or institutions, research organizations, business development cells, technology transfer offices, marketing, and government initiatives—that stimulate an individual to be an entrepreneur (Karimi & Ataei, 2022). EE is favorable to increasing the growth of business in numerous ways (Doran et al., 2018; Ilić et al., 2020; Gao & Qin, 2022; Singh & Kumar, 2022). EE makes significant changes in the market in terms of innovation and innovative products and encourages perfect competition. EE also works as a motivator and strengthens social information and human skills (Karimi & Ataei, 2022). The concept of EE emerged as a basis for designing entrepreneurship policies in the areas of technologies and business sectors (Singh & Jyoti, 2023c).

EE is a significant driver in increasing the intention of an individual or group of people to make investments in the product market (de Rocha et al., 2021). EE also increases the desirability of economic agents to be entrepreneurs and businessmen. An entrepreneur has the innovative ability to create a new venture, business, or start-up (Baluku et al., 2021). EE is helpful to enhance the investment abilities and economic returns of entrepreneurs (Rafiei et al., 2022). EE, therefore, nurtures a conducive ecosystem that meets the needs of consumers and producers in the product markets. Earlier evidence specified that the EE is positive for creating jobs, new markets, accelerating innovation, perfect competition, infrastructure, discovery of new goods

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