



## ELEMENTS OF ENTREPRENEURSHIP ECOSYSTEM FOR DEVELOPING SUSTAINABLE STARTUP CREATION

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**Abstract:** Globally the term entrepreneurship is characterized by volatility and periodic spikes in the ecosystem of the country. Most of the countries easily managed their entrepreneurial ecosystem through governmental policies and trade with respect to world. While such own implementation can lead to crisis in other countries. Therefore, in order to stop these ramifications, it has become very important to study the entrepreneurial ecosystem of a country. Thus, to answer such intricate question, this paper explains the elements of entrepreneurial ecosystem and its characteristic. However, each characteristic depends on various actors and factors which leverage and reinforce their nation's economy. On the same hand, moreover, rapid increase in business houses in a short span of time is directly proportionate to the quality and need of such ecosystem. Typically, the characteristics of elements reveals the responsible, conducive and need of the nation.

**Index Terms - Entrepreneurial ecosystem, Elements.**

### I. INTRODUCTION

Referring to the definition of entrepreneurial ecosystem was first time defined by the James Moore in 1990s mentioned in the article of Harvard Business Review. He expressed that the entrepreneurship cannot exist in vacuum and issued relevant entrepreneurial elements which interact with business ecosystem. Further, he noted that a new employment opportunity and avenues can be seen when new firm grow better and fast in dynamic ecosystem. With passage of time many new definitions and models of entrepreneurial ecosystem has been seen. The most prominent model of entrepreneurial ecosystem given by Daniel Isenberg at Babson College focused on economic progress and development by enabling the strategy of entrepreneurial ecosystem. However, not only the deployment of strategy and policies resulted in economy development but its relationship with innovation and national competitive advantage has resulted in pre-conditions for such ecosystem (Mason et al., 2014). Isenberg has brought forth the following 6 domains for the creation of successful entrepreneurial ecosystem (Table 1):

Table 1: Daniel Isenberg

ENTREPRENEURIAL ECOSYSTEM DOMAINS:
1. Culture
2. Finance
3. Institutional support
4. Human capital
5. Markets
6. Policies & Leadership

The struggle becomes even more complex when these six main domains interact with other new elements of environment in a highly complex manner. However, only few studies have taken such causal relationships to answer such critical question. Due to limited studies on this path has led to study more in detail characteristics of each element (Mason et al., 2014).

## II. ELEMENTS OF ENTREPRENEURIAL ECOSYSTEM

### 1. Culture

Culture is a crucial component of the entrepreneurial environment, according to Isenberg (2011). Culture can compel some behaviour or barricade others. National culture was described by Professor Geert Hofstede as a communal programming of the human mind that distinguishes one group or category from another. It dictates how much risk is accepted, how eager people are to take advantage of possibilities and see them, how creative they are, how collectivistic they are, etc Culture is not genetically determined; rather, it is learnt from the social environment.

According to Hofstede's research, cultural variations across countries are most pronounced at the level of values. Actions are appropriate and courteous are determined by these ideals. Those are propensities to favor one condition of affairs over another. To put it another way, culture refers to the traits that unite a group's members and set them apart from other groups. These resemblances are handed down from one generation to the next, especially between parents and children. An individual's activities, motivation, and orientation are shaped by this behaviour that is deemed "acceptable." According to Hofstede's study, there are systematic variations in national cultures along four main axes: masculinity, individualism, power distance, and uncertainty avoidance. Michael Minkov's later studies inspired Hofstede to include two additional dimensions: long-term orientation and indulgence vs. constraint (Jovanovic et al., 2018).

For instance:

The first aspect of national culture is power distance. It may be characterized as the extent to which less powerful members of a group or institution anticipate and accept unequal power distribution. Due to their strong hierarchy, which is not a characteristic of entrepreneurial endeavors, high power distance societies are not considered to be entrepreneurially oriented. Similar to how there is a lot of uncertainty in business, countries with low scores on this dimension are more likely to manage business operations. In terms of accomplishments and drive, masculine civilizations are linked to entrepreneurship, while feminine societies value life quality, which is also a trait of those with an entrepreneurial mindset (Jovanovic et al., 2018).

### 2. Finance

For new and small businesses, the availability and accessibility of financing is a crucial requirement for their survival and growth. Venture capital and startup investments require a crucial signal known as the finance aspect. Because they are most directly tied to the expected and most wanted result so - high-growth enterprises, only utilize money and finance on the newly formed start-up and business ideas. Numerous additional indicators of finance exist, such as the ease with which loans are obtained, the number of unofficial and official investors, financial advisor, financial angles, accelerators and crowdsourcing are available in the market (Stam et al., 2021).

### 3. Institutional support

The institutional structures and resource endowment elements of the infrastructure make up our entrepreneurial environment. The formal institutions, culture, and network factors all relate to institutional arrangements. The elements of physical infrastructure, cash, leadership, talent, knowledge, intermediary services, and demand are what make up the resource endowment component. The entrepreneurial businesses that commercialize ideas make up the third part of the infrastructure, known as proprietary functions. This element is thought to constitute the entrepreneurial ecosystem's output; it is viewed as new value creation and is obtained through successful entrepreneurship. Institutions offer the essential prerequisites for economic activity to occur and for resources to be utilized productively. Institutions determine how entrepreneurship is undertaken and the welfare effects of entrepreneurship in addition to being a prerequisite for economic action. Entrepreneurial networks facilitate information flow, allowing for efficient distribution of knowledge, labour, and money (Acemoglu et al., 2005; Baumol 1990; Granovetter, 1992, Stam et al., 2021).

### 4. Human capital

Entrepreneurship-specific metrics as well as more general metrics may be used to assess human capital and talent for (productive) entrepreneurship. The predominance of people with high levels of (generic) human capital is the greatest talent indicator for measuring human capital. But beside talent, the proportion of the labour force having at least a secondary education might also be used to quantify human capital. In order to produce economic and social success, human capital is also assessed by cognitive and non-cognitive abilities; these skills also have a relationship to social capital (Coleman, 1988; Stam et al., 2021; Unger et al., 2011).

Human capital is defined as the information and abilities obtained via formal education, on-the-job training, and other forms of experience. This emphasizes the value of education and experience in determining what constitutes human capital. Additionally, they argue that success is determined by human capital, which they describe as the "in accordance with the entrepreneurial and organisational performance aspects identified in the literature (Combs et al., 2005; Eisenhardt and Schoonhoven, 1990): profitability, growth, and size.

### 5. Market

The growth of markets for cutting-edge technology is necessary for the formation of entrepreneurial ecosystems. The potential for spin-offs is also influenced by industry circumstances. In general, spin-offs are more common in the early stages of an industry if there is no dominant product design. If entrepreneurs want to launch enterprises, the technology must produce market potential. Therefore, the growth of markets for cutting-edge technology is necessary for the formation of entrepreneurial ecosystems. The potential for spin-offs is also influenced by industry circumstances. In general, spin-offs are more common in the early stages of an industry if there is no dominant product design (Rothwell, 1989).

The government/public sector actively participated both directly and indirectly in establishing new sources of venture capital in reaction to alleged market failures, with varying degrees of success (Murray, 2007; Mason, 2009). This has included the establishment of regional venture capital funds, which often take the form of a "hybrid" in which finance from the public and private sectors are merged and are managed by the private sector (Stam et al., 2021).

### 6. Policy and leadership

Leadership offers direction and leadership for group activity. There are very few conceptually sound and practically sound research on regional leadership. Empirically, leadership may be gauged by the existence of overt (single) leaders as well as more diffuse types of leadership, such as the predominance of secretly formed interest groups and public-private economic development partnerships. The frequency of innovation project leaders is a metric of leadership (Olberding, 2002a; Sotarauta et al., 2017).

Building and maintaining a healthy environment depends on this leadership. This calls for a group of "visible" business executives who are devoted to the area. Regional leaders with high levels of dedication towards work and public spirit reflect underlying standards that are very important in a region because they know the competitive advantage at local level (Feldman, 2014; Olberding, 2002b; Stam et al., 2021).

### III. CONCLUSION

The study concluded that the research on entrepreneurial ecosystems in India is still in its infancy but a number of empirical studies in western context have already demonstrated how a strong entrepreneurial ecosystem fosters entrepreneurship and the consequent production of value at the local level. Further, systems that create successful entrepreneurship are known as actual entrepreneurial ecosystems various other actors combine for the successful of entrepreneurship, there it gives birth to the robust entrepreneurial environment. There are several ways that the evolutionary process by which actors are involved in the creation of an entrepreneurial ecosystem might start. It also depends on what kind of business is and what technology are being adopted. Overall the above mentioned elements help to concentrate on how each element works, interacts and impact entrepreneurship and, ultimately, overall wellbeing at regional level.

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