

AN EMPIRICAL INVESTIGATION OF FACTORS AFFECTING ENTREPRENEURIAL ACTIVITY: EVIDENCE FROM GEM DATA

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ABSTRACT

Entrepreneurships is a formidable engine of growth. Adequate understanding of factors influencing the entrepreneurial process, whereupon potential entrepreneurs deem themselves equipped with sufficient entrepreneurial capabilities and infrastructure so as to make the leap from an intention to venture creation, can contribute to the development of policies aimed at promoting entrepreneurship. For the purposes of this study, the entrepreneurial activity of an economy is analyzed in 2 main categories: Established business and early-stage entrepreneurship. The primary objective of this study is to determine the factors that lead to cross-country variations in percentage of people involved in entrepreneurial activity in a country and to identify agents that affect early-stage entrepreneurship and established business activity differently. A dataset of 64 countries for the year 2016 has been used of which 11% of the countries are factor driven, 50% efficiency driven and 39% are innovation driven. A multiple regression model using ordinary least squares estimation technique has been developed individually for established businesses and early-stage entrepreneurship to analyze them separately. Behavioral variables like perceived capabilities and networking, and infrastructure variables like basic school entrepreneurial education and higher-level entrepreneurial training, highest qualification and age of people involved in entrepreneurship, intellectual property right are those that are statistically significant in both models. Economic framework like tax incentives, government support policies and programs or country's openness appear to make no difference while post-secondary education and secondary experience are most pertinent for such activity.

Key words: *Early-stage entrepreneurship, established business activity, behavioral attributes, framework conditions*