

Economic Analysis of Entrepreneurial Ecosystem

Dr. Vijendra Poonia

Principal & Associate Professor, Department of Economics, Rajasthan PG College Chirawa, Jhunjhunu, Rajasthan

Abstract

An entrepreneurial ecosystem or entrepreneurial ecosystem is the peculiar systems of interdependent actors and relationships that directly or indirectly support the creation and growth of new ventures. The entrepreneurial ecosystem or environment is the accumulation of every one of those external conditions and influences that affect the everyday routine of beings experiencing and pursuing business; A business venture can address holes in various proportions of financial development, power, and prosperity in countries around the world; However, moving from a need-based business venture to opportunity-based firm creation can be intense in the informal economy; especially in developing business economies; What is more, the environment or ecosystem in which a business visionary is operating, legally and by implication, affects entrepreneurial achievement and impact.

Keywords:- Elements of an Ecosystem, Entrepreneurial Ecosystem, Entrepreneurship Ecosystem, Nature of Ecosystem, Policy includes government regulation and support, Conclusion.

I. Introduction :-

What is an entrepreneurial ecosystem or environment? The entrepreneurial ecosystem is characterized as a network that makes up various factors independent of one another; that cooperate with and advance themselves in a geological area; with the intention of creating new organizations. As a first reference, the entrepreneurial ecosystem is a mix of social, monetary, social, and political areas inside a district; furthermore, a better entrepreneurial ecosystem builds with the assistance of various components for support; and, which is useful for developing the new companies that are being started. Likewise, recently entered entrepreneurs enter to accept the threat; as begin to look for some financing for their recently developed ventures; inside the neighborhood environment of businessmen; each one of these substances connects and builds its performance formally as well as informally; therefore, the entire framework can work together; and, the communication between these sub-systems must be done in a way that can achieve propriety.

The essence of the entrepreneurial ecosystem is its people and the culture of trust and cooperation that allows them to interact successfully. An ecosystem that allows for a rapid flow of talent, information, and resources helps entrepreneurs quickly find what they need at each stage of growth. As a result, the whole is greater than the sum of its individual parts.

Elements of an Ecosystem:-

- ★ A thriving ecosystem includes these key elements:
- ★ Entrepreneurs who aspire to start and grow new businesses, and people who support entrepreneurs.
- ★ Talent that can help companies grow.
- ★ People and institutions with knowledge and resources to assist entrepreneurs.
- ★ Individuals and institutions that act as champions and conveners of entrepreneurs and the ecosystem.
- ★ Access points (or entry points) to the ecosystem so that anyone and everyone can participate.
- ★ Intersections that facilitate interactions between people, ideas, and resources.
- ★ Stories that people tell about themselves and their ecosystem.
- ★ A culture rich in social capital – collaboration, cooperation, trust, reciprocity, and a focus on the common good – ties all the elements together to make the ecosystem come alive.

Entrepreneurial Ecosystem :-

The ecosystem metaphor was first used by Moore (1993) to describe the competitive marketplace in terms of predators and prey. This language was a way to understand the strengths and weaknesses of firms in the economic environment. Since there are firms that are acquired by others, this terminology is a useful way to describe the process. It took some time for the concept of entrepreneurial ecosystem to gain popularity in the marketplace due to the emphasis on other ways of describing innovative activities taking place in a place. The concept of entrepreneurial ecosystem is an important way to understand the impacts that will occur as a result of the coronavirus in the present time and in the future.

“The metaphor ‘ecosystem’ reflects the tendency in academia to describe the age-old phenomenon of agglomeration effects of regions (urban, regional, national ecosystems) and industries (agricultural, chemical, manufacturing, media, finance ecosystems), that is, groups of either firms (business, entrepreneurial ecosystems) or activities (service, innovation, digital ecosystems). Traditionally the focus has tended to be on an individual entrepreneur or organisation rather than considering their relevant environment. This has changed with the growing awareness of how the environment affects entrepreneurship, particularly as a result of crises such as the coronavirus.

This means that an ecosystem requires different types of entities to function properly. This requires interactions between entities that encourage collaboration and information sharing in relation to current events, including critical events such as the coronavirus. Within an ecosystem, there are different types and levels of information flow depending on the entrepreneurial cycle.

Ecosystems have a dynamic nature because they change depending on environmental conditions. This means that to truly understand how an entrepreneurial ecosystem evolves requires a lot of time and effort. It is for this reason that the way in which an ecosystem interacts determines the impact of a crisis. Natural ecosystems are defined as “a community of living organisms in conjunction with the non-living components of their environment, where the ‘eco’ part of the word refers to the environment and the ‘system’ refers to the function as a collection of related parts that function as a unit” (Smith & Smith, 2015, p. 19). This definition highlights the interaction between science and business from the coronavirus. Entrepreneurial ecosystems are based on the self-organisation of members around entrepreneurial activities and are important ways of dealing with change in times of crisis. This means that as more members become involved in entrepreneurship, the ecosystem functions in a sustainable way. This enables more entrepreneurial actions to take place based on the underlying interactions between stakeholders affected by the coronavirus. To develop an entrepreneurial ecosystem, there is a need to create strategies for more entities to succeed in entrepreneurial activities.

defines an entrepreneurial ecosystem as “a dynamic institutionally embedded interaction between individuals with entrepreneurial attitudes, capabilities and aspirations that drives the allocation of resources through the creation and operation of new ventures”. This definition is particularly relevant to how to deal with the crisis triggered by the coronavirus. The main components of an entrepreneurial ecosystem include a community culture, sustainable networks and infrastructure. Thus, there is no single formula for an entrepreneurial ecosystem but rather it depends on environmental forces for its development. This means that some entrepreneurial ecosystems will be more efficient in offering ways to tackle the coronavirus due to the expansion of entrepreneurial activities. Therefore, the trajectory of a region is dependent on the existence of entrepreneurial ecosystems that encourage new venture creation. Most concepts of ecosystems are based on the assumption that they consist of similar entities. This is not always true as entrepreneurs have different access to resources depending on the impact of socio-economic factors and crises. This means that participation and involvement in an ecosystem will be based on opportunity as well as necessity.

Platform ecosystems are based on companies that create a set of tools that can be built upon by others. This may include integrated technologies that reduce the need for research and development by sharing knowledge about the coronavirus. Infrastructure refers to the portfolio of public goods that facilitate entrepreneurship. Infrastructure includes highways, ports, and telecommunications that are typically managed by government entities. Other forms of infrastructure include education institutions and research facilities that are funded by the government. In an ecosystem, these forms of infrastructure are used as concurrent activities that occur based on environmental changes from the coronavirus. Over time, these activities either align or diverge depending on the involvement of ecosystem members.

An ecosystem approach to entrepreneurship has been adopted because of the way it captures the evolving and dynamic nature of entrepreneurship. There are many different forces that influence entrepreneurship that are constantly changing based on environmental conditions. This means that more policymakers and business leaders are trying to handle the coronavirus based on the philosophy of an entrepreneurial ecosystem. A vibrant ecosystem is the result of many activities that support innovation and new venture creation. In order to support a high level of entrepreneurial activity in a region, there need to be many activities occurring on a continuous basis that focus on problem solving for the coronavirus. This involves learning and sharing of information that helps promote innovative behaviour.

Early-stage investment is needed in a region to promote innovative projects in relation to the coronavirus. This helps to designate money for causes that are likely to have a positive flow-through to the economy. Due to the uncertainty of some innovations in relation to the coronavirus, it helps to gain a foothold in multiple early-stage projects. This reduces the risk associated with just one project by sharing the cost and time involved across multiple projects. This risk-reduction strategy enables investors to have a more diversified investment portfolio in terms of potential cures or vaccines for the coronavirus. Thus sharing both financial and non-financial gains or losses.

Entrepreneurial ventures require human capital which requires active individuals to take the initiative in developing a business venture. The type of human capital required varies from scientific knowledge in the case of medical technologies to more general business knowledge associated with startups. Since human capital involves specific skills, it is important that regions encourage individuals with these skill sets to reside there. This can build capacity in certain subject areas and facilitate further entrepreneurial activity. Some regions are known for the industries located there, which provides motivation for individuals interested in those regions to move there. Other regions establish themselves based on the specific skill sets of people living in the region suited to specific occupations. This includes regions that have a high level of engineers or scientists. Thus, entrepreneurship-specific human capital needs to be considered based on the regional and industry context depending on the severity of the coronavirus. Cutting-edge research institutes encourage entrepreneurship through breakthrough innovations. Bringing about social change requires major innovations that change the status quo. This helps in increasing competitiveness by introducing better products, services or processes. Bringing about social change requires major innovations that change the status quo. This helps in increasing competitiveness by introducing better products, services or processes. Bringing about social change requires major innovations that change the status quo. It helps to increase competitiveness by introducing better products, services or processes.

Research institutes enable science and education to change current ways of thinking. They also provide ways for individuals to learn about new practices that have an impact on other sectors of the economy. This means that it is important to promote the knowledge-practice union that is made possible by research institutes. The investments that governments make on research institutes also have a positive impact on other sectors of society. This includes new inventions being made that have commercial potential. Due to the growing emphasis on the knowledge economy, it is imperative that research institutes are prioritised in government funding coronavirus schemes. Also, more research institutes are becoming self-funded due to the need to diversify their income sources.

The key users of innovations are those entities that are among the first to try out new products, services or processes. These first adopters help test an innovation by providing necessary feedback. This helps to encourage related innovations to occur which enables a platform system to emerge. Being a first mover in an industry is important and provides a way for entities to gain a reputation for being innovative. Dense social networks among entrepreneurs enable ideas to be transmitted more easily. This promotes information acquisition which is important in a knowledge economy. It is useful to have timely access to relevant information for competitive reasons. Therefore, entrepreneurs who engage in frequent networking activities can help encourage further entrepreneurship. This means that it is important to have events that enable entrepreneurs to interact with each other. By providing relevant social platforms, this can accelerate the innovation process. Since innovation can be the result of both planned and unplanned activities, it helps to have frequent networking activity. This will promote casual events to occur among entrepreneurs. Thereby paving the way for more attention to proactive activities that involve innovation. Cultural orientation refers to the way entities seek to learn about historical events or social conditions. It is useful in promoting a sense of curiosity among individuals in a community. It helps to have frequent networking activity. This will promote emergent events to occur among entrepreneurs, paving the way for a greater focus on proactive activities that involve innovation. Cultural orientation refers to the way in which Cultural orientation refers to the way entities seek to learn about historical events or social situations. It is useful in fostering a sense of curiosity among individuals in a community. It helps to have frequent networking activity. It will promote emergent events to occur among entrepreneurs. Which can pave the way for more focus on proactive activities involving innovation. Cultural orientation refers to the way entities seek to learn about historical events or social situations. It is useful in fostering a sense of curiosity among individuals in a community.

In an ecosystem, different types of entities must coexist for it to function properly. This includes different types of industries that may or may not be complementary. In most successful ecosystems, there is a dominant industry that has influenced its development. Generally, the technology industry is known as the promoter of entrepreneurship, but other industries such as manufacturing can also spur the entrepreneurship needed to deal with the coronavirus. For this reason, the ecosystem should also have industries at different development stages to create a more entrepreneurial environment. This includes historically essential industries such as banking and finance as well as new funding sources such as crowdsourcing. This will enable older businesses to coexist with new forms of business. As new businesses may take some time to gain momentum in the market, it helps to be patient with their development regarding the coronavirus. Although there is a stereotype of entrepreneurial ventures starting quickly, in reality they may take time to grow. This is due to businesses having different objectives in terms of growth strategy. While most entrepreneurs are motivated by financial reasons, there may also be social or environmental reasons.

How well different entities are connected in an ecosystem. Some entities may communicate on a frequent basis but this should also be analyzed in terms of performance outcomes. If the connection results in

good performance, it is likely to be referred to as good. This means that the quality versus quantity of communication should be assessed. Density refers to how many entities are part of the ecosystem environment. In a highly dense ecosystem, there are many different entities that are constantly engaged in entrepreneurship. This results in economies of scale and can lead to more entrepreneurial business ventures. Diversity refers to the different types of entities in an ecosystem. Diversity can be measured in terms of size such as micro, small, medium and large businesses, or alternatively different industry structures such as technology or retail. Other ways of defining diversity include ethnicity or country of origin. More diverse entities in an ecosystem can be seen as essential for entrepreneurship. This is due to different ideas and ways of conducting entrepreneurship being evident. Fluidity refers to the flow of entrepreneurship in an ecosystem. In well-functioning ecosystems, there is a constant flow of information and knowledge. This helps to create a productive environment for entrepreneurship. Fluidity refers to the flow of entrepreneurship in an ecosystem. In well-functioning ecosystems, there is a constant flow of information and knowledge. This helps to create a productive environment for entrepreneurship.

Entrepreneurship Ecosystem :-

An entrepreneurial ecosystem or entrepreneurial ecosystems are peculiar systems of interdependent actors and relationships that directly or indirectly support the creation and growth of new ventures.

Nature of Ecosystem :-

The "ecosystem" refers to those elements - persons, organizations or institutions - that are external to the individual entrepreneur and that are conducive to or impediment to an individual's choice to become an entrepreneur or his or her chances of success after launch. The organizations and individuals representing these elements are called entrepreneurship stakeholders. A stakeholder is any entity that actually or potentially has an interest in having more entrepreneurship in the region. Entrepreneurship stakeholders may include governments, schools, universities, the private sector, family businesses, investors, banks, entrepreneurs, social leaders, research centers, the military, labor representatives, students, lawyers, cooperatives, communes, multinational companies, private foundations, and international aid agencies.

To explain or create sustainable entrepreneurship, a single element in an ecosystem is rarely sufficient. In regions that have extensive entrepreneurship, including Silicon Valley, Boston, New York City, and Israel, several ecosystem elements are strong and have typically evolved together. Likewise, the formation of these ecosystems suggests that governments or societal leaders who wish to promote more entrepreneurship as part of economic policy should strengthen several such elements simultaneously. However, recent research suggests that government policy is often limited in what it can do to develop entrepreneurial ecosystems.

In July 2010, Harvard Business Review published an article by Daniel Isenberg, Professor of Entrepreneurial Practice at Babson College, entitled "How to Start an Entrepreneurial Revolution." [5] In this article, Isenberg describes the environment in which entrepreneurship thrives. Drawing from examples from around the world, the article proposes that entrepreneurs are most successful when they have access to the necessary human, financial, and professional resources, and operate in an environment in which government policies encourage and protect entrepreneurs. This network is described as the entrepreneurship ecosystem.

The Babson College Entrepreneurship Ecosystem Project then categorizes this framework into these domains: policy, finance, culture, support, human capital, and markets. Much additional scholarship has reinforced this concept, and Liguori and his colleagues developed a measure that has been widely used nationally to assess communities from Tampa to Philadelphia to Chicago.

Policy includes government regulation and support.

- ❖ The finance sector includes the full range of financial services available to entrepreneurs.
- ❖ Culture includes social norms and success stories that help motivate people to become entrepreneurs.
- ❖ The support sector includes non-governmental institutions, infrastructure, and professional support such as investment bankers, technical experts, and consultants.
- ❖ Markets cover entrepreneurial networks and customers.
- ❖ Human capital includes the education system and the skill level of the workforce.

A number of academic researchers have begun to investigate entrepreneurial ecosystems as well. Spiegel [7] suggests that ecosystems require cultural characteristics (entrepreneurial culture and history of successful entrepreneurship), social characteristics that are achieved through social relationships (worker talent, investment capital, social networks and entrepreneurial mentors) and physical characteristics that are based on specific locations (government policies, universities, support services, physical infrastructure and open local markets). Stam [8] distinguishes between the framework conditions of an ecosystem (formal institutions, culture, physical

infrastructure and market demand) and the systemic conditions of networks, leadership, finance, talent, knowledge and support services.

- There are several key conditions that generally define a healthy ecosystem. The ecosystem:
- It is tailored to its own unique environment – it does not attempt to be something it is not, such as “the next Silicon Valley”
- Operates in an environment with low bureaucratic barriers in which government policies support entrepreneurs’ specific needs and tolerate failed ventures
- Actively encourages and invites financiers to participate in new ventures – although access to funding is not without barriers for those planning new business ventures
- Is reinforced, rather than created from scratch, by government, academic or business organizations
- Is relatively free of cultural biases against failure or business operations, or is able to change them
- Promotes successes, which in turn attract new ventures
- Is supported by dialogue among various entrepreneurial stakeholders

II. Conclusion:-

On this planet, everything is a piece of an ecosystem, for example, watersheds, creepy crawlies, trees, grass, and businesses that are running or out and about and growing; With the development of your business, the expression “entrepreneurial ecosystem” fits best with it and it has six major areas; There are a lot of models for the ecosystem, however we think about these six as an establishment and here, we will improve the understanding of these areas. The six areas include system, culture, support, human resources, account, and market; Each of these areas signify that there is a change from customary financial intuition to a creative and new monetary approach of individuals, networks, such as establishments; The collaboration between these areas of the ecosystem is additionally a type of entrepreneurial movement; This result consider as a cycle; in which individuals transform opportunities into novelty and growth; one small step at a time, giving another impetus to the general public through new items and improvement of administrations.

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