

Global Perspectives of Entrepreneurial Environment

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ABSTRACT

Micro, Small and Medium Enterprises (MSME) have been identified as one of the crucial driving force for the economic growth of any country. MSMEs (Micro, Small & Medium Enterprises), constitute a major source of employment and generate significant domestic and export earnings in developed, developing and underdeveloped countries. SMEs are alleviating poverty around the world as well as increasing the social and economic participation of women, youth and minorities. The increasing importance of MSME sector has been complemented with higher budget allocations and external aid for the SME sector. The performance of the small business sector is affected by environmental factors. Numerous opportunities and challenges have been opened up for this sector and to understand this it is essential to have an overall knowledge of the environment within which entrepreneur operating their business.

The purpose of this study is to determine the critical factors of environment which influence the overall performance of Micro-Small-Medium Enterprises (MSMEs). This may be conjectured that entry and exit from small & medium industries in any country is determined by the overall environmental mapping which is explicitly reflected through several parameters such as entrepreneurial financing, government support & policies for business incubation, governmental programmes, taxes and bureaucracy, basic-school entrepreneurial education and training, post-school entrepreneurial education and training, research and development transfer, commercial and professional infrastructure, internal market dynamics, internal market openness, physical and services infrastructure and cultural and social norms.

In the conclusion this study shows the role of some important parameters in creating favourable environment for small business and this may further be used for indexing the entrepreneurial mapping in global perspective. The research is based on the longitudinal study of Global Entrepreneurship Monitor (GEM) of 66 countries of the year 2015. The objective of the present research study is to develop a model to examine the nature of relationship between environment and growth rate of new venture as well as the sustenance of Micro-Small-Medium Enterprises.

Keywords: Ease of doing Business, Entrepreneurial environment, Growth of new venture, Sustainability measure of enterprise.

INTRODUCTION:

We can think of a thousand reasons why entrepreneurship is good for the economy. It provides jobs, currently a challenge for a populous country; it generates revenue for government; many studies have reported that

economic growth requires participation from small business units (Battilana & Casciaro, 2012). They also act as a main tool for equitable development.

The World Bank (2012a) determined that around 200 million people are currently unemployed, and 600 million jobs need to be created by 2020 mainly in developing countries. A number of those jobs are expected to be generated in the micro, small, and medium enterprise (MSME) sector given its high labor intensity. The determinant of entrepreneurship may differ in developed and developing countries (Freytag and Thurik, 2007; Wennekers et al., 2005). Plethora of research suggest that Business entry and density rates are significantly related to country-level indicators of economic development and growth, the quality of the legal and regulatory environment, ease of access to finance, and prevalence of informality (Leora Klapper, Raphael Amit, Mauro F. Guillén, 2010). Entrepreneurship is also determined by age structure, resources and abilities of individuals, attitudes towards entrepreneurship, culture, individual skills, unemployment, income disparity, education, ethnic background, etc. GDP per capita, unemployment, the marginal tax rate and the volatility of inflation are macroeconomic factors commonly associated with the national level of entrepreneurship (Arin, Huang, Minniti, Nandialath and Reich, 2015). The differences in entrepreneurial activity across countries suggest that factors other than economic ones are also significant (Freytag and Thurik, 2010). Acs & Amoros (2008) claim that the higher entrepreneurial activity exhibited by middle and low income countries, in relation to their more developed counterparts, is due to the fact that in these countries a large proportion of the population is unable to find employment in a firm already established.

Some experts describe that a major section of SMEs in developing countries remains in traditional activities generally with low levels of productivity, poor quality products, localized markets etc. In many poor countries, there are also a large number of micro enterprises who are fighting for survival. Government of the developing countries are not only responsible for the survival of nascent business and also responsible for making them globally competent. Government is in the lead for entrepreneurial development. Main role of government is to create such an environment that will highly promote entrepreneurship.

Government policy in this structure is any act which aims at regulating and improving the Situation of SMEs. Government needs to enact policies that would be welcoming to new entrepreneurs, minimising the difficulties and full supportive to sustain in this competitive market. That can be achieved through improving ease of doing business or through developing entrepreneurial attitude among entrepreneurs by training and development.

The Chinese government has made concerted efforts through policies and resources on the development of high technology businesses [Cullen, M., Calitz, A., and Chandler 2014]. The Brazilian entrepreneurship movement has established very fast as a result of government policies geared towards developing the low-tech businesses as well as high technological oriented firms [Etzkowitz, H., 2002]. Several studies have pointed out the role of government policies in entrepreneurship development. Some shows positive relation and some conclude with negative relation, but overall result skewed toward positive [Greene, F 2012].

Numerous opportunities and challenges have opened up for this sector and to understand this it is essential to have an overall knowledge of the environment where entrepreneur operating their business. In this sense, when the person has full knowledge of the environment where they are operating is highly helpful for entrepreneurial activity. Success depends on the ability to well manage the environmental factors and these sectors getting complicated day by day. Currently it is very much relevant to discuss on ease of doing business. Nevertheless, Thorsten & Demirkunk-Kunt (2004) based on World Bank (2003) found that cross-country regressions provide qualified evidence that an effective business environment does cause growth (also suggested in Klapper, Lewin, & Quesada, 2009).

Every year some entrepreneurs prefer to close down their business and on the other hand also some new entrepreneurs start their venture with new hope. Some are getting successful some are not. Different researchers have developed different model to capture variables of entrepreneur success and failure. We have also done this in global perspective with different approach. Our approach is to capture is how government is facilitating them, motivating them, uplifting them and to sustain them by creating such an environment where entrepreneur can put themselves in favourable position.

In light of the broader impact of reforming the business environment, and the necessity of a greater impact of the SME sector, it seems relevant to study the impact of each issue/environmental variable not only on its own but also on relationship to each other.

LITERATURE REVIEW:

Different researchers have put light in this area. Many of them have concentrate on some specific country and some have worked with across the country data to find out relevance of external environment in small business

but these are little in comparison with big industries. Several results highlight the importance of the business environment for the growth and development of the MSME sector. Different researchers argued that the success of enterprises is a function of both external and internal factors (Penrose, 1959; McCline et al., 2000; Guzman & Santos, 2001; Markman & Baron, 2003). A stream of research has analyzed the effects of the entrepreneurial activity on the external environment and also the effect of external environment on entrepreneurship. From this point of view the concept of sustainability in entrepreneurship emerged and now it is the need of an hour as mainly in developing countries failure business rate captured the attention of policy makers. Reijonen & Komppula (2007) provided a more concise definition in relation to survival by defining success as continued business operations, and failure was going out of business. Success also depends on proper strategic planning as it can make remarkable difference in real life because owner of MSME have to combat with big entrepreneurs with constrain of resources. While the management and academic literature on the topic area of strategic planning has predominantly focused on the large business environment but there is now a trend of increasing awareness related to the SME context. The link between strategic planning and small business success has been researched and documented (Meers & Robertson, 2007). The efficiency of a business strategy derives from optimal use of internal strengths and external opportunities as well as from the reduction of internal weaknesses and external threats. That is, the strategy can be viewed as a mechanism of adjustment, the method of aligning business/internal environment with the external environment while the interaction between the internal and external environment/factors is crucial for the success of a business entity (Pelham, 1999; Hambrick, 1983). There is good number of evidences where researchers are able to find relationship between external environment and strategic planning for entrepreneurs, which is essential to grow as well as to sustain in the market. Since the external environment primarily affects the survival and the growth of business entities (Covin and Slevin, 1989), researches dealt with the matter of competence of certain business orientations/strategies in a particular environment, i.e. how the external environment affects the strategy and performance of businesses (Ellis, 2006; Pelham, 1999; Slater and Narver, 1994; Hambrick, 1983). Another group of researcher dealt with relationship of business environment with entry and exit from business. They concentrated mainly on variables which influence start up or close down the business. According to them business start up depend on mainly some variables. Barseghyan (2008), used instrumental variable regression to analyze data from 156 countries for the year 2006, and this study similarly found evidence that higher entry costs reduces factor productivity. Ardagna and Lusardi (2010) concluded from an analysis of survey data of more than 470 thousand entrepreneurs who are at the early stages of running a business from developed and developing countries that entry regulation diminishes the benefits of business skills in running a business; and reduces the propensity of individuals with business skills to start a business. Another variable is financial development, which is positively correlated with new enrolment in SME sector. Aghion et al (2007) analyzed firm data from 16 developed and developing countries and concluded that access to credit is the most important determinant of entry for small firms and for firms in credit-dependent sectors. Djankov et al (2006) concluded that countries with business-friendly regulations grow faster. Different scholars identified that different entrepreneurial environment elements like economic environment, policy environment, education and training environment, social and cultural environment, financing environment, policies and regulations environment, technology environment, market environment (Li Cai, 2007) are the key areas which influences entrepreneurship. Deborah, Markley (2002) emphasized on social atmosphere, public infrastructure and government's support in this context.

In light of the broader impact of reforming the business environment, and the necessity of a detail understanding of the SME sector, it seems adequate to study each issues of business environment not only on its own but also need to know degree of impact of these variables with process of interaction among them.

RESEARCH GAP:

Most of the researchers mainly found out the important elements which have a significant impact on entrepreneurship for a particular country and among them few studied have been made in the global perspectives. Some scholars also pointed out that good entrepreneur environment or infrastructure not only necessary for business start up and growth it but also it increases desire of being entrepreneur among youths. Among these significant studies explored the impact on how one component of entrepreneurial infrastructures can influence the decision to start a new business (Tolbert, David and Sine, 2011). But very few studies have been done to access the environmental factors of entrepreneurship development across the countries including developed, developing and transition countries. Environmental mapping, in general, is necessary to identifying the significant factors of favourable business environment. Majority of the empirical studies consider only one phase of entrepreneurship but do not consider different phases during the entrepreneurial process. Identifying

the prime dimension of business environment favourable for SME of a country corresponding to the stage of development and its role in development of entrepreneurship is missing in previous studies. Most of the empirical researches especially based on the World Business Environment Survey (WBES) and the Global Entrepreneurship Monitor (GEM) project have helped us to better understand the entrepreneur environment but this study shows the role of some important parameters in creating favourable environment to sustain small business and may be used to positioning a specific country in to a suitable place for overall entrepreneur ecosystem assessment.

RELEVANCE OF BUSINESS ENVIRONMENT:

Business -environment as the relative strength of the regulatory environment is conducive to the operation of a business (Klapper et al, 2007). In many countries, government have considered entrepreneurship as special concern .The government spending is also day by day increasing to promote and push this concept as state is accountable to develop elements of business friendly surroundings, as legislative conditions and their application in business practice, social aspects and overall economic environment (Majkova, 2012; Kubatova and et al., 2012; Kaplanova, 2016; Virglerova et al., 2016). Beside different plans, programmes, favourable rules and infrastructural development government is promoting entrepreneurship among youths by introducing this in under graduate courses also. Davidsson and Honig (2003) measured human capital formation through formal education, informal training such as workshops, and work or start-up experience and found that education and experience were related to nascent entrepreneurial activities such as writing a business plan, but not related to venture success.

External environment primarily affects the survival and the growth of business entities (Covin and Slevin, 1989). It also influence individual to choose entrepreneurship as a career and also overall image of an entrepreneur. The government regulation of business, government programme, infrastructure, culture and markets may have an impact on entrepreneurial motivation also. Bibu et, al., (2009) concluded that external factors which are complex and unstable have their great impact to SMEs. The business environment affects the overall health of entrepreneurship of a country. Belanova (2014) states that quality business environment creates conditions for long-term sustainable economic growth, and is a basic condition for business development and growth of competitiveness of the country on an international scale. Performance of the small business sector is affected by two main factors namely external and internal environmental factors (Musran munizu 2010). Internal factors include aspects of HR (owners, managers, and employees), financial aspects, technical aspects of production, and marketing aspects, while external factors consist of government policy, socio-cultural and economic aspects, the role of government institutions, universities, private and NGO (Haris Maupa, 2004). At nascent stage of business entrepreneurs require adequate accessibility of capital and other physical assistances. All these facilities are made available within entrepreneurial infrastructure (Tseng, 2012).

These two factors along with personal characteristics of entrepreneur constantly interact with each other. Jones and Rowley (2009) developed a framework called "EMICO", which consist of fifteen Entrepreneurial Marketing dimensions based on firms' levels of entrepreneurial orientation (EO), innovation orientation (IO), market orientation (MO), and customer orientation (CO). This framework will facilitate assessment of how and why such Entrepreneurial orientation redesigned with interaction with external environment and direct towards sustainable growth. Different scholars worked on this area and many of them found out the parameters within the external environment and their relative importance. Another group of scholars mainly concentrated on one or two major parameters and discussed briefly about their impact on overall business situation. Brandstatter (1997) has shown that the general economic conditions and laws largely determine what entrepreneurs can do and will do. when the economic environment is favourable, banks are more willing to give loans (Keeton, 1994) and consumers are more able to spend on goods and services (Bradbury, 1992), which should be encouraging to those who plan to start new businesses. So link between economic condition and entrepreneurship is revealed by researchers. Other than economic condition many external parameters can be considered to measure ease of doing business of a country, like Young and Welsch (1993) have observed that cities with higher tax rates are less attractive for business creation. Similarly, Giannetti and Simonov (2003) argue that social norms may drive people into entrepreneurship. Pals (2006) argued that there is a need for government policies as they relate to entrepreneurship to be successfully implemented irrespective of which administration is in power in order to achieve the goals of the guideline which often times is always lacking. Government of most countries especially developing countries have in the past invested so much efforts and resources in establishing policies intended to uplift entrepreneurship (Oni, E.O. and Daniya, 2012).Government policies must play a crucial role to develop environment favourable for entrepreneurship, like innovation policy encouraged by government must be on central focus of entrepreneurship

promotion in developing countries as it is in advanced economies. To create professional infrastructure government must be proactive because government should provide the essential resources within its capacity, such resources combined frame the environment that will highly promote entrepreneurship. For this Government of most countries especially developing countries have in the past invested so much efforts and resources in establishing policies intended to uplift entrepreneurship (Oni, E.O. and Daniya, 2012). Several studies have been conducted with regard the role of government policies in entrepreneurship development. Some shows positive relation and some conclude with negative relation, but overall result squed toward positive (Mason, C. and Brown, Greene, F.). Depending on the level of resource support, entrepreneurial policies can be classified as being hard or soft (Storey, 2005). Hard policies usually provide assistance in the form of finance (loans and grants) while soft measures include counselling activities to entrepreneurs before business start-up, counselling at the start-up phase, facilitating financial assistance, enhancing technology and access to technology and improving access to physical infrastructure, or advice after the start. Chowdhury et al (2013) found that lack of infrastructure, sound political environment, access to market and capital were the major factors that positively hindered the success of the entrepreneurs and the role of government is to develop such an environment where entrepreneur can access maximum benefit from environment.

However, it is essential to find out the main areas which have greater influence on ease of doing business scenario of a country to better understand where to focus more and how to build up the said environment. In this paper we focus on this and try to develop a relation among different parameters of ease of doing business and also to determine how sensitive these parameters are for starting new business and exit from the business.

This study can be used for assessment of the business environment therefore and can be further used for addressing essential external issues which are hindering overall entrepreneur development. Undertaking this research is justified on the basis of the following fact that better operating atmosphere can help SMEs to meet the desired performance of their owners and their respective governments.

RESEARCH OBJECTIVES:

The aim of the research is to understand the impact of overall business environment on the ease of doing business. The favourable business environment is indicated by the growth rate of new venture and also the sustenance of the existing business organizations. The present research is extended to indicate the most significant factors for the growth of the new ventures and sustainability of the existing ventures. In conclusion this study shows the role of some important parameters in creating favourable environment for small business and this may further be used for indexing the entrepreneurial mapping in global perspective.

RESEARCH DESIGN:

Sources of Data:

The research is of a dynamic and multiregional structure and was conducted on the target sample based on the longitudinal study of GEM (Global Entrepreneurship Monitor) report 2015.

GEM National Expert Survey (NES) monitors the factors that are believed to have a significant impact on entrepreneurship, known as the Entrepreneurial Framework Conditions (EFCs). It is administered to a minimum of 36 carefully chosen 'experts' in each country. The Global Entrepreneurship Monitor is the world's foremost study of entrepreneurship.

EFCs are one of the most important components of any entrepreneurship ecosystem and constitute "the necessary oxygen of resources, incentives, markets and supporting institutions for the creation and growth of new firms" (cf. Bosma et al., 2008: p. 40). The NES remains the sole source of harmonized, internationally comparable data that specifically addresses the environmental factors that enhance (or hinder) new and growing firms' performance.

The NES questionnaire is used to collect the views of experts on a wide range of items, each of which was designed to capture a different dimension of a specific EFC:

1. Entrepreneurial Finance: The availability of financial resources—equity and debt—for small and medium enterprises (SMEs) (including grants and subsidies).
2. Government Policy: The extent to which public policies support entrepreneurship. This EFC has two components: a) Entrepreneurship as a relevant economic issue and b) Taxes or regulations are either size-neutral or encourage new and SMEs.
3. Taxes and bureaucracy: The extent to which public policies support entrepreneurship - taxes or regulations are either size-neutral or encourage new and SMEs.

4. Government Entrepreneurship Programs: The presence and quality of programs directly assisting SMEs at all levels of government (national, regional, municipal).
5. Basic Entrepreneurship Education: The extent to which training in creating or managing SMEs is incorporated within the education and training system at all levels: Basic school (primary and secondary): The extent to which training in creating or managing SMEs is incorporated within the education and training system at primary and secondary levels.
6. Post-school entrepreneurial education and training: The extent to which training in creating or managing SMEs is incorporated within the education and training system in higher education such as vocational, college, business schools, etc.
7. R&D Transfer: The extent to which national research and development will lead to new commercial opportunities and is available to SMEs.
8. Commercial and Legal Infrastructure: The presence of property rights, commercial, accounting and other legal and assessment services and institutions that support or promote SMEs.
9. Market Dynamics: The level of change in markets from year to year, and
10. Market Openness: The extent to which new firms are free to enter existing markets.
11. Physical Infrastructure: Ease of access to physical resources—communication, utilities, transportation, land space—at a price that does not discriminate against SMEs.
12. Cultural and Social Norms: The extent to which social and cultural norms encourage or allow actions leading to new business methods or activities that can potentially increase personal wealth and income.

The research also encompasses some secondary data from the official sources: World Statistics and the National Banks of different countries.

Methodology:

The research is of a dynamic and multiregional structure and was conducted on the target sample of 63 countries based on the longitudinal study of GEM (Global Entrepreneurship Monitor) report 2015.

Cluster analysis is performed on the basis of 12 identified parameters of favourable business environment to form two clusters with relatively homogeneous groups. Discriminant analysis has to be performed on the basis of two groups and discriminant scores has been obtained for each country. The discriminant scores can be taken as a resultant effect of all environmental parameters. Sustainable Measure of Enterprise (SME) is estimated by the ratio of percentage increase in new entrepreneurial venture and percentage discontinuation of existing one. The dependent variable Sustainable Measure of Enterprise (SME) are plotted against discriminant scores in the two dimensional space by the scatter diagram for subjective classification of the countries into two segment.

Factor analysis has been performed to identify the most significant parameters of doing business. Regression analysis is performed with growth of new venture and SME as dependent variables on factor scores which are treated as independent variables separately for each group.

DATA ANALYSIS AND FINDINGS:

Analysis- Stage I:

Cluster analysis is performed on the basis of 12 identified parameters of favourable business environment to form two clusters with relatively homogeneous groups. The two homogeneously distributed groups have been obtained by cluster analysis based on twelve independent parameters and then, on the basis of these two groups, discriminant analysis has been performed.

Before that, normality test for 12 parameters of business environment has been performed. Large significance values ($>.05$) of all the independent variables indicate that the observed distribution corresponds to the theoretical distribution. The value of significance indicates that all the independent parameters are normally distributed.

Discriminant analysis has to be performed on the basis of two groups and discriminant scores has been obtained for each country. The discriminant scores can be taken as a resultant effect of all environmental parameters.

Table I: Classification Summary

Classification Processing Summary

Processed		65
Excluded	Missing or out-of-range group codes	0
	At least one missing discriminating variable	3
Used in Output		62

From the result of the Table 1, it is clearly understood that only 62 countries has valid dataset of the twelve independent variables and cluster membership has been formed based on this 62 countries.

Table 2: Classification Table of predicted group membership

Classification Results^{b,c}

Cluster Number of Case			Predicted Group Membership		Total
			1	2	
Original	Count	1	41	0	41
		2	2	19	21
	%	1	100.0	.0	100.0
		2	9.5	90.5	100.0
Cross-validated ^a	Count	1	38	3	41
		2	4	17	21
	%	1	92.7	7.3	100.0
		2	19.0	81.0	100.0

a. Cross validation is done only for those cases in the analysis. In cross validation, each case is classified by the functions derived from all cases other than that case.

b. 96.8% of original grouped cases correctly classified.

c. 88.7% of cross-validated grouped cases correctly classified.

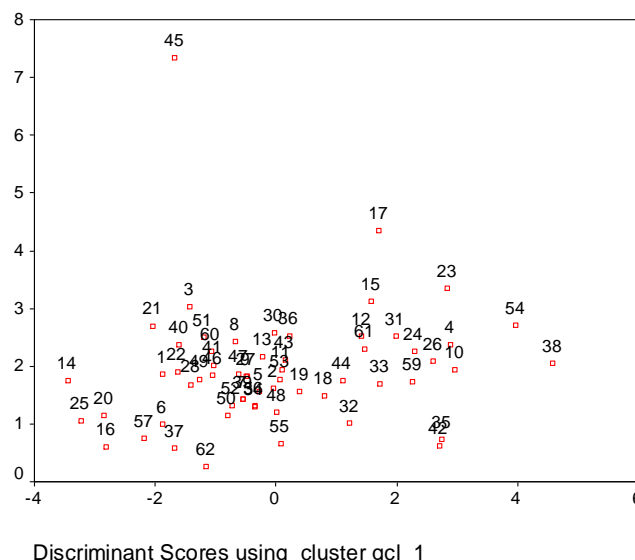
The classification table (refer Table 2) measures the degree of success of the classification for this sample. The number and percentage of cases correctly classified and misclassified are displayed. The results indicate that 96.8% of the cases are classified correctly. With cross-validation, each case in the analysis is classified by the functions derived from all cases other than that case. In this case, 88.7% of the cross-validated cases are classified correctly. The percentage for original classification is more or less close for the cross-validated cases, and then it can be conclude that classification has been successfully made.

Analysis- Stage II:

Sustainable Measure of Enterprise (SME) is estimated by the ratio of percentage increase in new entrepreneurial venture and percentage discontinuation of existing one and it is taken as dependent variable by which overall business environment of a specific country can be made.

The dependent variables SME are plotted against discriminant Scores in the two dimensional space by the scatter diagram (Figure 1). The scatter diagram cannot establish any relationship between the dependent variable and the discriminant scores.

Figure 1: Mapping of the countries in respect of SME and Discriminant scores



The scatter diagram is subjectively categorized into two segments on the basis of SME & the discriminant scores. Attempt has been made to justify the subjectivity in respect of formation of groups on the basis of objective analysis of the parameters of these two groups. One-way ANOVA has been performed to examine whether there has been a significant difference between two groups in respect of the parameters considered for the analysis. The results show that there is a significant difference between the two groups in respect of almost all parameters (Ref Table 3). After having segmentation, attempt has been made to estimate the relationship between the growth/sustenance of the enterprises in the countries with the business environment of the country.

Table 3: Results of One-way ANOVA

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
Financing for Entrepreneurs	Between Groups	11.662	1	11.662	36.079	.000
	Within Groups	14.869	46	.323		
	Total	26.531	47			
Governmental support and policies	Between Groups	7.212	1	7.212	10.865	.002
	Within Groups	30.535	46	.664		
	Total	37.747	47			
Taxes and bureaucracy	Between Groups	12.989	1	12.989	17.151	.000
	Within Groups	34.838	46	.757		
	Total	47.827	47			
Governmental programs	Between Groups	6.585	1	6.585	12.131	.001
	Within Groups	24.969	46	.543		
	Total	31.554	47			
Basic-school Entrepreneurial Education and training	Between Groups	11.492	1	11.492	22.360	.000
	Within Groups	23.642	46	.514		
	Total	35.135	47			
Post-school entrepreneurial education and training	Between Groups	2.126	1	2.126	5.581	.022
	Within Groups	17.521	46	.381		
	Total	19.647	47			
R&D Transfer	Between Groups	7.016	1	7.016	18.470	.000
	Within Groups	17.473	46	.380		
	Total	24.489	47			
Commercial and professional infrastructure	Between Groups	4.944	1	4.944	10.824	.002
	Within Groups	21.012	46	.457		
	Total	25.956	47			
Internal market dynamics	Between Groups	7.835E-02	1	7.835E-02	.077	.782
	Within Groups	46.601	46	1.013		
	Total	46.680	47			
Internal market openness	Between Groups	8.282	1	8.282	43.479	.000
	Within Groups	8.762	46	.190		
	Total	17.044	47			
Physical and services infrastructure	Between Groups	3.003	1	3.003	3.950	.053
	Within Groups	34.970	46	.760		
	Total	37.972	47			
Cultural and social norms	Between Groups	3.145	1	3.145	3.967	.052
	Within Groups	36.475	46	.793		
	Total	39.620	47			

Analysis- Stage III:

Factor analysis has been performed to identify the most significant parameters of doing business.

The construct's validity was tested applying Bartlett's Test of Sphericity and The Kaiser–Mayer–Olkin(KMO) Measure of Sampling adequacy analyzing the strength of association among variables. The results reveal that the value of KMO is 0.818 which is above 0.5. The results for Bartlett's Test of Sphericity and KMO both were highly significant (Table 4) and so it is concluded that factor analysis is suitable.

Table 4: Validation of Factor Analysis

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.818
Bartlett's Test of Sphericity	Approx. Chi-Square	412.446
	df	66
	Sig.	.000

The findings of this study indicated that three factors namely, socio-economic-cultural environment, internal Market dynamics and physical & services infrastructure have emerged as the influencing factors. The three factors with their corresponding dimensions indicating their concerned significant loading have been presented in Table 5.

Table 5: Factor loading matrices following varimax rotation of three-factor solutions

Factor Name	Component variables	Factor loading
Factor I (F₁) Socio-Economic-Cultural Environment	Internal market openness	0.858
	Research and development transfer	0.857
	Governmental programmes	0.833
	Entrepreneurial finance	0.784
	Basic-school entrepreneurial education and training,	0.752
	Taxes and bureaucracy	0.705
	Government support & policies for business incubation	0.704
	Post-school entrepreneurial education and training	0.666
	Commercial and professional infrastructure	0.645
	Cultural & social norms	0.644
Factor II (F₂) Internal Market Dynamics	Market dynamics	0.878
Factor III (F₃) Physical and Services Infrastructure	Physical and services infrastructure	0.673

Analysis- Stage IV:

Regression analysis is performed with growth of new venture and SME taken as dependent variables on factor scores which are treated as independent variables separately for each group.

The present researchers have proposed two models of enterprising business environment namely, a) Growth model-New business entry is regressed with factor scores to identify the significant one and b) Sustainability model- Sustainability Measure of Enterprise (SME) is regressed with factor scores to identify the significant contributing factors in global perspectives.

Model I –Growth Model:

In the growth model, for each group, the regression analysis has been performed directly considering the percentage of increase in new venture as dependent variable with respect to factor scores of 12 environmental parameters. For both the groups, high values of R square (0.831 and 0.665) indicate that the model fit the data very well (Ref Table 6). The coefficients that are associated with only Factor Score 2 for both the cases are statistically significant (Significance at the level of 5% and 10% respectively). All coefficients associated with other factor scores turn out to be statistically insignificant.

Table 6: Summarized Results of Growth Model

Group	R Value	R Square Value
Group I	0.912	0.831
Group II	0.815	0.665

Thus, the equation of the regression model becomes: Growth of new venture= $\beta_0 + \beta_2 F_2$, where F_2 indicate the internal market dynamics of the country.

Model II –Sustainability Model:

In the case of sustainability model, the regression analysis has been performed with SME (sustainable measure of enterprise) as dependent variable with respect to factor scores of 12 environmental parameters. Now the R square value for both the groups (0.685 and 0.695) (ref table 7) as well as significance level associated with only factor score 1 hold good to describe the association (Significance at the level of 5% for both the cases). All other coefficients stand out to be insignificant.

Table 7: Summarized Results of Sustainability Model

Group	R Value	R Square Value
Group I	0.827	0.685
Group II	0.834	0.695

Therefore, the equation of the regression model becomes: SME= $\beta_0 + \beta_1 F_1$, where socio-economic-cultural environment of the country emerges as significant one.

FUTURE SCOPE OF THE STUDY:

This study is among the very few studies that not only address the main influential variables of the environment but also establish two separate models indicating the vibrant environment for the entrepreneurial growth and the sustainable environment for their long term stability.

This study can be used for assessment of the business environment therefore can be further used for addressing the essential external issues which are hindering overall entrepreneur development. This study shows the role of some important parameters in creating favourable environment to sustain small business and this may further be used to positioning a specific country in to a suitable place of overall entrepreneur environment.

POLICY AND RESEARCH IMPLICATIONS:

More empirical research—especially based on the World Business Environment Survey (WBES) and the Global Entrepreneurship Monitor (GEM) project have helped us to better understand the entrepreneur environment but this study shows the role of some important parameters in creating favourable environment to sustain small business and may be used to positioning a specific country in to a suitable place for overall entrepreneur environmental assessment. One of the outcomes of this recent research is the notion that business environment in countries are distinctive from one another. As this sector is most sensitive to any kind of change in operating environment, government should pay more attention towards consequential effect before formulating policies. Previously lack of government intervention in terms of establishing entrepreneurial infrastructure can be seen as ignorance (Roper, 2013). Hence it is imperative for the Government and policymakers of the respective nations to effectively identify the area of importance as assessment of external business conditions is considered essential to planning (Beaver, 2007). This paper has prescribed some possible methodological solution to identify the most conducive environment of a specific country in terms of growth and sustainability of MSME.

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