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#### Review Article

# **Development of Entrepreneurship Ecosystem**

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### ARTICLE INFO

# ABSTRACT

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Entrepreneurship in the world, especially in Western developed countries, the much interest in recent years the concept of entrepreneurial ecosystems and integrating the separation of infrastructure services needed by entrepreneurs and governments innovative citizens, industrialists and entrepreneurs to create. a person apart from the idea of an entrepreneur, long way to run and deliver it to the finally, profitability and growth of the organization. In many cases the idea does not run and stays in the mind. Entrepreneurship ecosystem is composed of the factors in the development of entrepreneurship involved. Macro-economic factors, cultural, social and political willingness and ability to influence the choice of entrepreneurial activity. Hence the to create an entrepreneurial environment, due to factors such as culture, policy, Financial resources, human capital, market and support services as areas entrepreneurship ecosystem is of particular importance.

### INTRODUCTION

Entrepreneurship is a process that plays a vital role in the continued growth and development of national and even international economy is therefore necessary to create the conditions and environment for logical support, including physical, spiritual, cultural, and scientific research entrepreneurship and entrepreneurs more than ever, our country will be felt. Economists, entrepreneurs and community economic development as the engine of growth and management scientists, entrepreneurs, the most important factor in the evolution and innovation in the present era of enterprise are so important in any environment where members entrepreneurship is the art of thinking, dynamic and diversified economy will.

There are entrepreneurs in all countries and cultures. Unfavorable environment for entrepreneurship often leads to the growth of the underground economy, while environmental favorable, thereby taking advantage of the entrepreneurial opportunities.

Research entrepreneurship shown that has environmental factors, such as cultural factors - social, legal, political and technological positive or negative impact on the development are entrepreneurs (Deakins and Freel, 2003). The ecosystem consists of a set of actors linked together in a specific location, including universities, research institutions and development of human resources and formal networks unofficially, governments, investors, professional service providers and cultural in an open and dynamic environment in which all these elements are connected (Ghanemzadeh, 2012). Entrepreneurship ecosystem is made up of three key factors: 1 - There is a critical mass of entrepreneurs, companies, and institutions specialized in a particular location 2 - Developed a dense network of relationships between the actors, and 3 - a culture where all the It brings together elements (Isenberg, 2011).

# The Entrepreneurship Ecosystem: Four Defining Characteristics

# The entrepreneurship ecosystem consists of six domains

(see diagram). Actually, the entrepreneurship ecosystem consists of hundreds of specific elements that, for convenience, we group into six general domains: a conducive culture, enabling policies and leadership, availability of appropriate finance, quality human capital, venture-friendly markets for products, and a range of institutional and infrastructural supports. Our entrepreneurship ecosystem diagram shows fifty of these specific components (Cotis, 2007).

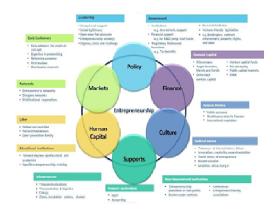


Figure 1: The Entrepreneurship Ecosystem figure

### Each entrepreneurship ecosystem is unique

Although any society's entrepreneurship ecosystem can be described using the same six domains, each ecosystem is the result of the hundreds of elements interacting in highly complex and idiosyncratic ways. Israel's entrepreneurship ecosystem evolved in the 1970s with no natural resources, military necessity, and far from markets for its products. Ireland's ecosystem evolved in the 1980s in the context of free education, native English, foreign multinationals, and proximity to the European market. Taiwan's entrepreneurship ecosystem evolved in the 1990s in the context of a huge accrual of highly successful Taiwanese expatriates in the US. China's entrepreneurship ecosystem is evolving now in the context of diverse regional policies and a somewhat (some would argue, very) totalitarian political system.

# Specifying generic root causes of the entrepreneurship ecosystem has limited practical value

Whereas there is evidence that education, regulatory and legal frameworks, and well-functioning capital markets do indeed impact the level of entrepreneurship in a society, in general the impacts are over a long time frame, and also weak. The big step changes in entrepreneurship that we witness from time to time are the results of what statisticians call "high order interactions," that is, many variables working together. In fact, a handful of individual people, sometimes one or two, can be the catalysts without which the step change would not have occurred. So whereas it is useful to assess each regional entrepreneurship ecosystem to specify causal paths at specific points in time, determining generic causal paths are less useful. Furthermore, what we often think of as outcomes can also be causes: in what I call the law of small numbers, you can often identify one or two moreor-less-random successes that are actually very causal in evolving the ecosystem. Skype impacted Estonia's ecosystem, Scitex and Elscint stimulated Israel's, Shockley, Fairchild, and HP helped create the Valley, Digital Equipment Corporation in Boston, and Baidu was influential in China. Success breeds success.

# Entrepreneurship ecosystems become (relatively) self-sustaining

Because success does breed success by feeding back to enhance the six domains of the entrepreneurship ecosystem, there is a tipping point at which government involvement can and should be significantly reduced; not eliminated, but reduced. Once the six domains are strong enough, they are mutually reinforcing, and public leaders do not have to invest quite so much to sustain them. In fact, it is critical that entrepreneurship programs are designed to be self-liquidating in order to focus on building sustainability into the environment (Isenberg, 2011).

# The Global Startup Ecosystem Index

The first column in the index is the overall ranking, followed by 8 weighted component indexes that are the inputs to the overall ranking,

Here is how we define the eight weighted component indexes:

# **Startup Output Index**

The startup output index represents the total activity of entrepreneurship in the region, controlling for

population size and the maturity of startups in the region.

#### **Funding Index**

The funding index measures how active and how comprehensive the risk capital is in a startup ecosystem.

# **Company Performance Index**

The Company Performance Index measures the total performance and performance potential of startups in a given startup ecosystem, taking into account variables such as revenue, job growth, and potential growth of companies in the startup ecosystem.

#### Mindset Index

The mindset index measures how well the population of founders in a given ecosystem thinks like a great entrepreneur, where a great entrepreneur is visionary, resilient, has a high appetite for risk, a strong work ethic and an ability to overcome the typical challenges startups face.

#### **Trendsetter Index**

The trendsetter index measures how quickly a startup ecosystem adopts new technologies, management processes, and business models. Where startup ecosystems that stay on the cutting edge are expected to perform better over time.

There's a good chance the trendsetter index is a leading indicator of the future success of a Startup Ecosystem. The trendsetter score for example corroborates with the prevailing excitement expressed about the Berlin and Sydney Startup Ecosystems,

while also aligning with the anecdotal evidence we have received about the conservative culture and slow pace of adaptation in the Chicago and Tel Aviv startup ecosystems.

# **Support Index**

The support index measures the quality of the startup ecosystem's support network, including the prevalence of mentorship, service providers and types of funding sources.

#### **Talent Index**

The talented index basically measures how talented the founders in a given startup ecosystem are, taking into account age, education, startup experience, industry domain expertise, ability to mitigate risk and previous startup success rate.

#### Differentiation Index

The differentiation index measures how different a startup ecosystem is to Silicon Valley, taking into account the demographics and what types of companies are started there. Since Silicon Valley is the #1 ecosystem it is assumed that other ecosystems will perform better if they differentiate themselves from Silicon Valley and establish their own strengths (Feld, 2012).



Figure 2: The Global Startup Ecosystem Index

#### CONCLUSION

Most approaches to entrepreneurship and developing countries in recent decades it caused a wave of development policies to create jobs in the world. Different countries in the past three decades solution to overcome the problems They have turned to various social and economic development, entrepreneurial culture, perform the necessary support entrepreneurs, providing them with the necessary training and research is needed in this area. Reflecting the economic situation and trends Stages of development in advanced and developing countries to entrepreneurship has been given, which indicates that these countries have been able to remarkable progress in different fields of economic and social gain or minimum inconvenience to the health crisis behind the crisis they were predicted to occur in the future is inhibited.

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