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EMPOWERING ENTREPRENEURS: EXPLORING THE ROLE OF ECOSYSTEM FACTORS IN DRIVING GROWTH INTENTIONS IN NEPAL

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KEYWORDS	ABSTRACT
Entrepreneur, Growth Intention, Entrepreneurship Ecosystem, Perception	<p>Developing new businesses and expanding existing ones are crucial for a country's economic growth, as these activities lead to job creation and the opening of new markets. Growth, in business world, is often viewed as a desirable objective. It serves as important indicator of a company's success and plays major role in the job creation, prosperity, and global economic progression. A supportive ecosystem, comprising elements like individuals, organizations, governments, and support systems, is necessary to foster the entrepreneurship. These work synergistically to promote business creation and growth. This study aimed to determine influence of entrepreneurship ecosystem factors on entrepreneurs' growth intentions. Target population for the study comprised entrepreneurs who have already established their ventures. A total of 158 responses were collected using survey methods. The study used Smart PLS software, revealing positive association between socio-economic factors and entrepreneurs' growth intentions. Based on this positive association, we recommend enhancing the support systems within entrepreneurship ecosystem in Nepal. Strategic focus on education, networking opportunities, and financial support systems can significantly enhance entrepreneurship ecosystem, fostering the growth and success of businesses in Nepal.</p>
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INTRODUCTION

Nepal is the landlocked country, bordered by India on three sides and China to the north. It is considered one of poorest countries globally, with approximately 17% of its population living below the poverty line (World Bank, 2022). Nepal's per capita income is one of the lowest in the world, estimated at around 1,371 US dollars (NRB, 2022). According to data from Ministry of Finance in 2022, economic growth rate has remained relatively stable at approximately 4.5 percent. Unemployment is the significant issue for developing economies due to its detrimental

impact upon socio-economic wellbeing, as it both limits access to certain social services for the unemployed and exacerbates income disparity by allowing the employed to continue amassing wealth while those without jobs become increasingly impoverished (Atwine, Okumu & Nnyanji, 2023). The generation of the abundant employment opportunities is seen as the key solution to alleviate this situation, and entrepreneurs can play a substantial role in achieving this. In the advanced economies, entrepreneurs serve the crucial economic function and contribute to the establishment of a strong middle class, that is vital for maintaining political and social stability (Novac & Maier, 2020). The process of entrepreneurship does not occur spontaneously but requires significant time and resources (Zamrudi & Yulianti, 2020). Consequently, there is an increased emphasis on prioritizing the development of entrepreneurship in foreseeable future. Entrepreneurship has potential to play crucial role in promoting economic development and poverty reduction in poor and developing countries (Hossain, Tabash, Siow, Ong & Anagreh, 2023).

The importance of entrepreneurs' growth intentions has attracted scholars during past decades (Hamilton, 2007; Wright & Stigliani, 2013; Satterthwaite & Hamilton, 2017). Growth intention has been found to be the significant predictor of actual business growth as it influences actions and choices of entrepreneurs in both the short and long term. Understanding and evaluating growth intentions can provide insights into mindset and aspirations of entrepreneurs, helping to tailor support programs and policies to better meet their needs and encourage sustainable business development (Neneh & Vanzyl, 2014). The experts in entrepreneurship have suggested exploring factors that motivate certain entrepreneurs to expand their businesses more than others and examining the decision-making process behind business growth (Wright & Stigliani, 2013). Government officials openly express their preference for growth-driven startups, which are often seen as vital toward economic health (Cassar, 2004; Satterthwaite & Hamilton, 2017). Consequently, the significant resources are allocated to high-growth firms due to their expected economic impact (Frederick, 2004a). Consequently, this has led to extensive research aimed at understanding the scarcity of such high-growth diverse businesses, despite their considerable significance for the regional employment and development (Gilbert, McDougall & Audretsch, 2006).

Growth intention is “the entrepreneur’s explicit intent in terms of the growth trajectory he or she would like their venture to follow over its life-cycle.” (Dutta & Thornhill, 2014). The most influential factor in making entrepreneurial decisions is having a strong intention is to become an entrepreneur (Fini, Grimaldi, Marzocchi & Sobrero, 2012). Entrepreneurial intention is the initial stage in starting a new business in the entrepreneurial process (Gelderen, Brand, Praag, Bodewes, Poutsma & Gils, 2008), but the desire to expand the business is the crucial aspect of entrepreneurial conduct (Sadler-Smith et al., 2003). In this linking, both the actual growth and growth intention can be anticipated by the internal factors like motivation, gender, emotions, social awareness, education, experience, as well as family history. However, the context or the ecosystem in which the entrepreneur work is equally important. An entrepreneurial ecosystem is the combination of factors (i.e., regulatory factor, cultural factor, individual characteristics) and actor (i.e., government, customer, supply chain partners, fund resources, and educational institutions) that promote entrepreneurial activity. In this connection, the three main pillars of the entrepreneurial ecosystem are institutional, economic and industrial dimensions (Feldman, Siegel, & Wright, 2019). They all have a very important role in entrepreneurship development process.

LITERATURE REVIEW

Growth Intention

Growth intention is strong predictor of future growth, and it is discussed as the entrepreneur's aspiration to grow their business. The intention to expand a business in near future is a growth intention. A complexity in defining growth is highlighted in literature and is often explained as entrepreneurs' willingness, motives, aspirations to expand the businesses (Pistrui, 2003). The growth intentions have been operationalized in terms of new market expansion, technological improvement, and new product/service development (Pistrui, Welsch & Roberts, 1997). It is explained as ability to scale, duplication, and granulation (Krogh & Cusuman, 2001). Terjesen and Szerb (2007) explain growth intention as a personal decision of an entrepreneur to explore resources and opportunities to achieve growth in new future. The process of entrepreneurship does not occur spontaneously but requires significant time and resources. In the study, growth intention has been discussed as the entrepreneurs' willingness to add new products and services in the diverse portfolios and whether they want to add new employees or not to manage their operations.

A socio-psychology framework explains the role of socio-cultural factor in achieving growth. The support system plays vital role in supporting small businesses in diverse ways to transform their business. For example, through training and incubation support systems, they can mend the process. Through the help of financial support system, they can have the fund required to grow their business. Thus, there is a need to understand how to support system influence the growth intention of the entrepreneurs. Entrepreneurs' perception of the growth reflects their desire to expand the businesses in the novel future (Verheul & Mil, 2008). Understanding the entrepreneurs' perception of socio-economic factors and their growth intentions is important to sustain entrepreneurship development. Regardless of other factors, entrepreneurial growth intention is highly influenced by the socioeconomic environment and business environment; the presence of a support system influences an individual's actions and decisions. Government support, infrastructure support, financial support, research and development facilities, human capital, etc., are some factors that influence new venture creation and the growth of the existing businesses.

Entrepreneurship Ecosystem & Growth Intention

Pereverzeva (2015) examined the effect of entrepreneur ecosystem factors on ICT entrepreneur growth in Russia. The central argument of research paper was that environmental factors and individual personality traits have substantial impact on entrepreneurial activity. A result shown that the presence of support systems like an investment fund, business accelerators, and access to finance has a positive effect on entrepreneurship growth. The quality of the support system affects entrepreneur growth intention. World Economic Forum (WEF) (2014) surveyed over 1000 entrepreneurs to understand an entrepreneurial growth process. The government has the major roles in creating an environment for easy access to finance, human capital management, and access to the markets, which are foremost crucial for entrepreneurs to scale up. The author examined impacts of different entrepreneurial ecosystem factors like entrepreneurial culture, human capital availability, access to finance, innovation capacity, and access to the supporting organization on venture survival rate. The findings concluded the quality of the entrepreneurial ecosystem has an impact on firm success. The business operates on border of social structures; thus, knowledge of contextual factors improves the chance of success. Bureaucracy and lack of

entrepreneurial culture are significant barriers to the development of entrepreneurship in the county.

Pistrui (2003) examined effect of micro dimension factors (psychology factor ex entrepreneurial intensity, motivation), intermediate dimension (cultural demographics, family dynamics, and education) and market orientation, access to funding, and other support services) in the small businesses growth intention among 410 Romanian entrepreneurs. The study concluded that a support system like infrastructure, financial support, market orientation support is a predictor of growth intentions and concluded that financial burden limits small business growth. Access to finance is vital for the entrepreneurship development in the country. According to Levie and Autio (2013), the study about growth intention is very vital because it provides the information about the small start-ups' willingness to grow or not. The study suggested that the "quality" of entrepreneurship is more important than the "quantity" of entrepreneurship (pg. 4). The study analyzed the perception of growth intention using the meta-analysis of 13 longitudinal studies from 8 different countries. It concluded that the regulative system has a moderate relationship, whereas administrative regulations negatively affect growth intentions. Vladimirov, Davidkov and Yordanova (2017) studied the effects of the institutional environment on the entrepreneur growth plans among 1090 Bulgarian entrepreneurs using the structured interviews and survey methodology.

A result of binary logistics regressions findings concluded that the informal institution has a positive and significant impact, whereas regulative environment shows a negative relationship with entrepreneurial plan. It suggests that unfavorable climate like strict rules and regulations, administrative burden affect the growth intention. Further research concluded older firms have positive perceptions towards legal and environmental factors; however, their growth plan is not significant. The better the condition of institutions' environment, the business shows more positive intention to grow and growth rate is higher. Liao, Welsch and Pistrui (2009) examined the effect of support systems on entrepreneurial growth aspiration. The proposed hypothesis is a support system like the government assistance, business support service, family business harmony, informational services, and financial support to improve entrepreneurial expansion plans. The growth plan was measured through the resource aggregation, market expansion, and technological improvement factors. By implementing a cluster sampling, 405 entrepreneurs were interviewed. Consequently, the result concluded that business service, financial service, and government support are not favorable upon resources aggregation plans. The infrastructure support, family support has the positive impact upon the expansion plans of the entrepreneur. Government policies and assistance do not have a significant effect upon entrepreneur growth intention.

Context of Nepal

Nepal is landlocked country, and economy is remittance and agriculture dependent. However, according to a study by Asian Development bank in 2019, there is a shift occurring in Nepal's economy towards the service sector, with an increase in new startups. Small and medium-sized enterprises are now contributing 22% to the overall economy (Bista, 2019). Entrepreneurship is becoming a popular career choice, especially among Nepalese youths, with changing attitude towards it and a significant increase in entrepreneurial activities (Sitoula, 2015). It is believed that entrepreneurship will help break the cycle of poverty. The government have implemented various measures such as the implementation of a single-window approach, several technical

assistance schemes, programs aimed at promoting enterprise and small business development, and inclusion of entrepreneurship education in academic syllabus. Diverse private organizations like Nepal Entrepreneur Hub; Nepalese Young Entrepreneur Forum; Entrepreneurs for Nepal; Nepal Entrepreneurship Forum; Next Growth Conclave; Udhyaami Innovation; One to Watch; Nepal Startup Investment Company; Antrapreana; STARTUPS Nepal; Dolma Impact fund; True North Associates, are working to promote entrepreneurship development through providing training, education, & investment. Yunus Social Business Center at King's College, Kathmandu University BIC, Microsoft Innovation Center Nepal, NSB, I-Cube Business Incubation Program, Idea Studio, etc., are some incubation centers that are promoting the entrepreneurship-related curriculum and program. Despite significant investments by government and non-government organizations to develop & promote entrepreneurship in Nepal, country has not seen expected increase in dynamic entrepreneurs, industries, and employment opportunities, with industrial statistics showing slight changes (Gaudel, 2016). Based on previous argument we hypothesize that:

- H1: The entrepreneurial capabilities have a significant as well as positive effect upon growth intention.
- H2: Entrepreneurs' perception of socio-cultural support has a significant positive effect upon growth intention.
- H3: Entrepreneurs' perception of government policies and programs has a significant positive effect on the existing business's growth intention.
- H4: Entrepreneurs' perception of access to finances has a significant positive effect on growth intention.
- H5: Entrepreneurs' perception of a physical infrastructure support system has a significant positive effect on growth intention.
- H6: Entrepreneurs' perception of availability of information, education, and training support has a significant positive effect on growth intention.
- H7: Entrepreneurs' perception of internationalization support systems has significant positive effect on growth intention.

RESEARCH METHODOLOGY

A founder/ co-founders of the start-up were contacted for the research purpose. There was no availability of data to identify total number of entrepreneurs that had been considered for the study. There was a lack of information regarding the details of startup registered. Government data is not updated and there is no channel to identify the total number of startups operating in the country. For research purpose, the non-probability purposive sampling techniques had been implemented. Organizations like Antarprerana, Entrepreneurs for Nepal, Startup Nepal, Next Venture Corp, the Job dynamics, Yunus Social Business Center who are vigorously working and supporting an entrepreneur were contacted. Firmly, the organizations were selected as they are providing support to entrepreneurs and they have network of entrepreneurs. This methodology has been widely used by researchers and considered satisfactory especially when we do not have population details and had difficulties reaching respondents directly (Sigdel, 2015; Urban 2015).

Organizations were requested to share the questionnaire with entrepreneur they are working with. Follow-up email and message were sent to get many responses. Entrepreneurial ecosystem instrument scale contained seven factors, total of 25 items questionnaire from entrepreneurial framework condition developed by GEM researchers. It had been structured on a 7-point Likert

scale; 1= strongly disagree to 7=strongly agree. Different researchers had implemented EFCs framework tool to study entrepreneurship ecosystem (Levie & Autio, 2007; Manimala, Thomas & Thomas, 2013; Valliere, 2008). Growth intention research implemented four items on the 7-point Likert scale 1= strongly disagree to 7=strongly agree to measure the growth intention among established entrepreneur ventures. Out of four items, two items from Davis and Shaver (2012); Edelman et al., (2010), and two items from Gitlin (2019). Zampetakis et al., (2016) had implemented two items of Davis and Shaver & tested reliability (Cronbach’s coefficient= 0.83). Further, Fatoki (2013) used the research to test the growth intention in availability of support systems.

DATA ANALYSIS

The structural equation model has two sub-models: The measurement model and structural model. Two-step process analyzes relationship between latent variable, and it is correspondent manifest variables then after among latent variable. The study used an outer loading analysis, reliability analysis, discriminant validity, convergent validity, and multicollinearity to examine model fit as suggested by Hair, Risher, Sarstedt, and Ringle (2019). To investigate factorability & sampling adequacy, Kaiser–Meyer–Olkin test & Bartlett’s test of sphericity were performed. Kaiser-Meyer-Olkin measure of sampling adequacy value is 0.844 & Bartlett Test of Sphericity is significant (Approx. Chi-square 2116.91, Sig. 0.000). The exploratory factor analysis in SPSS and confirmatory factor analysis in PLS result showed that three measurement items have to be deleted. Table 1 is summary of confirmatory factor analysis and it showed that access to finance (0.335), entrepreneurial capability (0.311), & growth intention_rev (0.211) items were removed as it does not meet essential requirement and affecting composite reliability & average variance extracted. Item support for internalization 1 (factor loading: 0.429) has been considered for the study.

As, the latent variable constitutes two items only and removing one factor will not significantly contribute to the test. A factor loading passe the threshold of 0.4 is acceptable in the PLS factor analysis (Samuels, 2017; Field, 2009). In this study, overall SRMR (Standardised Root Mean Square residual) resulted in a value of 0.064, and NFI value is 0.762 which indicates that this model is a good fit and acceptable (Hair et al., 2017; Kline, 2011). Table 1 represents reliability, factor loading, composite reliability, and AVE for measurement model. Cronbach’s alpha and composite reliability were reported to measure construct reliability. All Cronbach’s alpha were greater 0.7, and composite reliability greater than 0.7 except support for internationalization, i.e., 0.67, which shows scale has acceptable level of internal consistency (Lawson & Limayem, 2004). Average Variance Extracted is measured to test the convergent validity. It seems that all the considered items under ecosystem factors are measuring same construct. All the AVE were greater than the threshold value of 0.5. The lowest AVE was 53 percent; thus, it seems model is reliable.

Table 1
Result of Measurement Model

Model Construct	M-Item	Loading	CA	CR	AVE
Access to Finance	FIN 2	0.637	0.769	0.844	0.649
	FIN 3	0.932			
	FIN 4	0.82			

Access to Information, Education and Training	EDU 1	0.752	0.844	0.889	0.618
	EDU 2	0.85			
	EDU 3	0.792			
	EDU 4	0.835			
	EDU 5	0.693			
Entrepreneurial Capabilities	CAP 2	0.641	0.803	0.82	0.705
	CAP 3	0.999			

Table 1a
Result of Measurement Model

Model Construct	M-Item	Loading	CA	CR	AVE
Government Support	GOV 1	0.682	0.858	0.875	0.642
	GOV 2	0.677			
	GOV 3	0.928			
	GOV 4	0.885			
Physical Infrastructure Support	PHY 1	0.798	0.767	0.88	0.787
	PHY 2	0.969			
Socio-Cultural Support	SOC 1	0.858	0.801	0.86	0.559
	SOC 2	0.855			
	SOC 3	0.507			
	SOC 4	0.744			
	SOC 5	0.718			
Support for Internationalization	INT 1	0.429	0.828	0.67	0.536
	INT 2	0.943			
Growth Intention	GRO 1	0.905	0.859	0.913	0.777
	GRO 3	0.851			
	GRO 4	0.888			

Note: FIN 1 (0.335), CAP 1 (0.311), GRO 2_rev (0.211) was deleted as it does not meet essential requirement (loading <0.50) and affecting composite reliability & Average Variance Extracted (AVE).

Discriminant validity was assessed by using cross-loading of the indicator and Fornell & Larcker criterion. From table 2, all the diagonal values, i.e., the square root of the AVE for the construct was greater than the inner-construct correlation. Therefore, it displays an acceptable level of discriminant validity of measures. All the considered ecosystem factors are measuring different constructs.

Table 2
Model: Discriminant Validity (Fornell and Larcker Criterion)

	FIN	EDU	CAP	GOV	GRO	PHY	SOC	INT
FIN	0.806							
EDU	0.452	0.787						
CAP	-0.071	0.178	0.840					
GOV	0.364	0.221	0.081	0.801				
GRO	0.075	0.278	0.465	0.129	0.887			

PHY	0.277	0.432	0.048	0.235	0.191	0.748		
SOC	0.407	0.312	0.151	0.473	0.289	0.205	0.732	
INT	0.420	0.453	0.071	0.299	0.051	0.302	0.222	0.881

A multicollinearity test was performed to measure correlation between independent variables using tolerance and Variance inflation factor (VIF). Thus, the VIF value resulting in table 3 lies between 1.026 to 2.033, indicating no multicollinearity problem because all VIF values were less than ten and tolerance values are greater than 0.2 (Sekaran & Bougie, 2010). It show there are no correlations between considered ecosystem factors and does not affect path coefficient results.

Table 3

Model 1: Multicollinearity Analysis

Factors	Collinearity Statistics	
	Tolerance	VIF
Socio-Cultural Support	.682	1.465
Government Support	.614	1.627
Access to Finance	.529	1.891
Physical Infrastructure Support	.767	1.304
Access to Information, Education, and Training	.580	1.725
Support for Internationalization	.492	2.033
Entrepreneurial Capabilities	.975	1.026

Note: VIF: Variation Inflation Factor

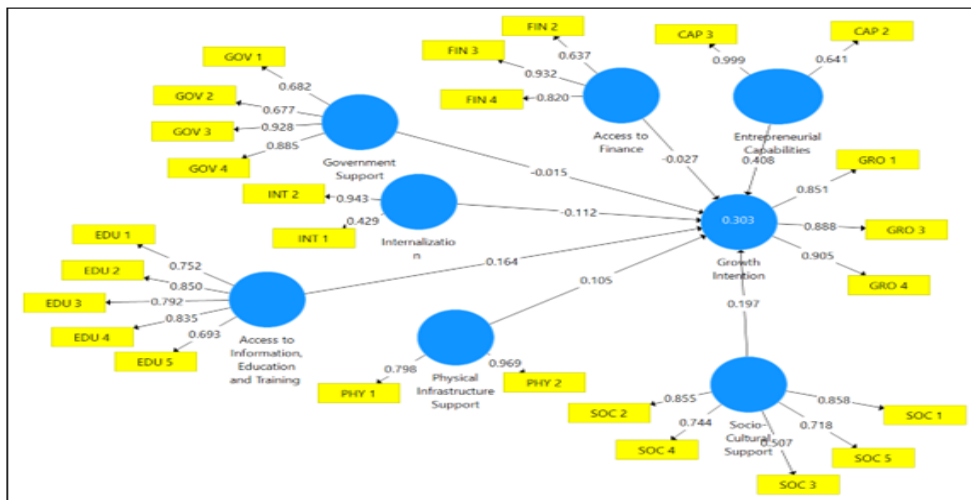
Common method bias was tested using Harman’s Single factor test using SPSS. A single factor had generated and total variance explained by one factor is 26.859% which is far below than cut-off criterion of 50% (Kock, 2020), thus we can say that there was no common method bias in data. Structural equation: This study applied a non-parametric technique of bootstrapping (with 500 sub-samples) to test hypothesis through SEM. Result of path coefficient is given in table-4.

Table 4

Path Coefficient of Model 1

	SC	SD	T-STAT	PV	Supported
Access to Finance -----> Growth Intention	-0.027	0.133	0.203	0.839	No
Access to Information, Education & Training -> Growth Intention	0.164	0.088	1.867	0.062	No
Entrepreneurial Capabilities -----> Growth Intention	0.408	0.103	3.965	0.000	Yes
Government Support -----> Growth Intention	-0.015	0.103	0.143	0.887	No
Physical Infrastructure Support -----> Growth Intention	0.105	0.071	1.468	0.143	No
Socio-Cultural Support -----> Growth Intention	0.197	0.077	2.56	0.011	Yes
Support for Internationalization -> Growth Intention	-0.112	0.119	0.941	0.347	No

Figure 1
Structural equation modeling



Hypothesis Testing

H1: An entrepreneurial capability has the positive as well as significant effect upon the growth intention.

The path coefficient between the entrepreneurial capability and growth intention is 0.408 and statistically significant at 5% significance level. Thus, hypothesis 1 is accepted. Thus, perceived individual capabilities like ability to organize resources, and perception towards the ability to take the risks affect the entrepreneurial intention as well as growth intention among the potential entrepreneurs.

H2: Entrepreneurs' perception of socio-cultural support has a significant positive effect upon growth intention.

Path coefficient between social-culture and growth intention is 0.197 and statistically significant at 5% significance level. Therefore, H2 is supported. A perceived social norm, the community's culture, how community perceives the entrepreneurs' career affects the entrepreneurs' growth intention.

H3: Entrepreneurs' perception of government policies and programs has a significant positive effect on the existing business's growth intention.

The path coefficient between the perceived government support and growth intention is -0.015, which is not significant. An entrepreneur's perception of government roles in supporting them is negative. This implies entrepreneurs are not well supported over government policies. H3 is not supported. A government policy like taxation, grants, loan is not inspiring for new growing firms.

H4: Entrepreneurs' perception of access to finances has a significant positive effect on growth intention.

The path coefficient between perceived financial support and growth intention is -0.027, which is not statistically significant. An entrepreneur's perception of community's financial support

system availability is negative and shows there is lack of funding for business growth. H4 is not supported.

H5: Entrepreneurs' perception of a physical infrastructure support system has a significant positive effect on growth intention.

The path coefficient between perceived physical infrastructure support and growth intention is 0.105, which is not statistically significant. The perceived attitude towards the availability of infrastructure is a positive effect on the entrepreneur's intention to grow. Therefore, H5 is not supported.

H6: Entrepreneurs' perception of availability of information, education, and training support has a significant positive effect on growth intention.

The path coefficient amid perceived access to information, education, and training support and growth intention (0.164) is not significant. Perceived availability of entrepreneurship-related training, incubation services have positive effects on entrepreneur growth intention. H6 is not supported.

H7: Entrepreneurs' perception of internationalization support systems has significant positive effect on growth intention.

The path coefficient between perceived internationalization support and growth intention is -0.164, which is not statistically significant. Result shows that an entrepreneur's perception of support system available to expand their services negatively affects growth intention. H7 is not supported.

DISCUSSIONS AND CONCLUSIONS

This study aims to examine the entrepreneurship ecosystem of the country and investigate its effect on entrepreneurial activity. Entrepreneurial ecosystem framework model identified by the GEM researchers and widely accepted in entrepreneurship research in BRICS countries was tested in entrepreneurs. Sample of 158 entrepreneurs' respondents' responses results showed that the support systems were not supportive and encouraging. Despite poor external support system, they are willing to undertake entrepreneurial activity, which is highly determined by individual personality and capabilities. Out of seven hypothesis, that was tested using structural equation modeling, individual entrepreneurial capabilities have a significant positive effect upon growth intention ($t=3.965$, $p=0.000$), and socio-cultural factor has significantly positive effect on growth intention ($t=2.56$, $p=0.011$) were supported. Thus, other hypotheses were not supported.

Entrepreneurial Capabilities

A research by [Prufer and Prufer \(2020\)](#) suggests that the focus of many academics is shifting toward investigating entrepreneurial abilities due to its growing significance. In today economy, it is very important to study entrepreneurial roles and their capabilities ([Mayanja et al., 2021](#)). This result we obtained is similar to actor-observer bias ([Manimala et al., 2014](#)). Entrepreneurs shown confidence in opportunity to discover, organize and manage resources required for start-up & growth. Individual entrepreneurial capabilities have significant positive effect on growth intention in entrepreneurs. So decided that perceived ability effects entrepreneurial decision. The decision to start a business is a planned behavior and is influenced by perceived capability. These skills are settled by entrepreneurial network and entrepreneurial orientation ([Czako et al., 2023](#)).

Socio-cultural Support

Socio-culture environment influence individual's personality and affects behavior. Individual belief, values, family background, culture is part of socio-cultural environment. While research studied whether there is difference in perception towards the socio-cultural environment, there was no significant change in perception among entrepreneurs. Most entrepreneurs had agreed that community promotes family business and encourages creativity and innovativeness. While community did not promote risk-taking and support entrepreneurs under challenging situation, family members' support was perceived as vital factor in starting business. A stated hypothesis that socio-cultural factor had a significantly positive effect on growth intention (Begley & Tan, 2001; Liao, Welsch, & Pistrui, 2009; Suresh & Ramraj, 2012; World Economic Forum, 2014). It shows that entrepreneurship is social behavior, and entrepreneurs perceive one of important factors to grow. The support from community, specially family guidance, is significant to attain growth.

Government Support

Entrepreneurs had perceived government support as the least favorable factor in the ecosystem in promoting entrepreneurial activity in the country. Despite government intervention through different programs and policies, the perceived support from the government's role is negative. The possible reason is the developed government policies and schemes, and the program is not aligning with what entrepreneurs require. Policies were developed without understating needs of potential entrepreneurs. Another possible reason be government policy is narrow-focused and tries to provide the top-down solutions. There are an excessive bureaucracy and centralized control mechanism which might be affecting entrepreneurship development in the county. Most of the respondents have agreed that taxation and other regulation are not favorable to new and growing firms. Although Nepal improved its status in doing business 2020 report, the report stated that starting a business is getting more difficult due to the reform policy of social security, new labor policy, and revised registration fees (World Bank Group, 2020). This result is similar to other studies such as Khyareh et al., (2019); Manimala et al., (2014); Olutuase et al., (2018); and Suresh and Ramraj (2012), which concluded that no significant relationship between government support and entrepreneurial activity., entrepreneurs had experience with those initiatives, and it was not supportive of them. In conclusion, there is a poor perception among entrepreneurs towards the current government's role in the development of the Nepal's entrepreneurship.

Access to Finance

The access to finance was poorly rated by entrepreneurs (mean=2.71), which was statistically significant. The study resulted in perceived government subsidies for new and growing firms that are less favorable, whereas family/friends' role is highlighted more favorably. Most of the entrepreneurs agree that, to some extent, there is the availability of bank loans. Getting a bank loan is not easy for the most entrepreneurs as a bank is not ready to provide financial support without collateral and young entrepreneurs do not have it. The access to finance was perceived negatively by entrepreneurs. This might be since there is not sufficient venture capital/ angel funding available for new, growing firms. Wntrepreneurs are not aware of financial ecosystem which has just started. There was negative association between perceived access to finance and entrepreneurial activity among entrepreneurs. Ahmad & Xavier (2012); Aljarwan et al. (2019); Arruda, Nogueira, & Costa (2013); Cohen (2006); Pereverzeva (2015); Suresh and Ramraj (2012); Zhao and Yang (2014) results show positive relationship between access to finance and

entrepreneurial activity whereas [Khyareh et al. \(2019\)](#), [Liao et al. \(2009\)](#) concluded negative relationship.

Physical Infrastructure Support

The study revealed that physical infrastructure was not favorable to entrepreneurship growth. Most of the respondents believe that they can afford the necessary infrastructure, but there was a lack of adequate access to basic infrastructure like electricity, water, broadband services. It showed that entrepreneurs are not getting basic services like transportation, communication services, working space at affordable price. Government and private organizations are making an effort to improve the infrastructure support system. Despite that, entrepreneurs' perception of infrastructure was lower; it might be since entrepreneurs have experience using/searching for it and it does not support their needs. This result is similar to [Khyareh et al. \(2019\)](#) and contrastingly to the study like [Ahmad and Xavier \(2012\)](#); [Cohen \(2006\)](#); [Pereverzeva \(2015\)](#); and [Olutuase et al., \(2018\)](#). Nepal is a landlocked country, and road transport is only one way to connect business and customers. Due to geographic structure, in most of the parts of Nepal especially in the hilly region, there is no easy access to the local transportation which increases transport costs. Due to the unavailability of a good transportation system, it is difficult for entrepreneurs to connect with the market. The access to electricity and water is important for entrepreneurs to operation and grow their businesses, and in Nepal, it is expensive and not adequate. Since, the physical infrastructure is utilized by all and respondents have information about it, entrepreneurs have rated poor and there is no significant relationship with growth intention.

Access to Information, Education & Training

Access to information, education, and training support has significant positive effect on growth intention were not supported. Most of the literature, such as [Gnyawali and Foge \(1994\)](#); [Kee et al., \(2019\)](#); [Khyareh et al., \(2019\)](#); [Pereverzeva \(2015\)](#), and [Rovere et al. \(2015\)](#) shows a positive relationship between education support and entrepreneurial activity. The difference in result from the present study might be the education support system is yet to develop, which can affect individuals' perception. Colleges and universities are offering entrepreneurship-related courses and training but they are not able to influence decision of the students. It might be as of lack of skills-based entrepreneurship-related curriculum; lack of skill human resources in the institutions, lack of support systems like counseling, networking, financing within education system.

Support for Internationalization

The result displayed that entrepreneurs show negative perceptions towards support systems for internationalization, which was statistically significant. The government agencies' support in facilitating new firms' entry into domestic and international markets is very low. There is no easy access to the resources like the information, skills, and funding required for the desired internationalization. Literature by [Arruda et al., \(2013\)](#); [Aljarwan et al, \(2019\)](#); and [Kee et al., \(2019\)](#) concluded the support for internationalization has a positive effect on entrepreneurial activity.

Limitations & Future Research

The study solely focused on entrepreneurship ecosystem factors to anticipate entrepreneurial activity. Findings demonstrate that only entrepreneurial skills impact entrepreneurial activity.

Therefore, upcoming research should take into account additional personality variables and examine the mediating role of support system instead of making direct conclusions. In order to obtain a more comprehensive understanding of the factors that make up the entrepreneurship ecosystem, it is vital to carry out qualitative research.. Conducting personal interviews would be particularly useful in understanding viewpoints. Further challenging the interpretation of the findings was the fact that very little literature related to Nepalese entrepreneurship existed. Many entrepreneurs are not in contact with any organization. They are doing entrepreneurship on their way; researcher should try to involve them in research to understand their situations better.

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