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**DISSECTING THE ECOSYSTEMS' DETERMINANTS OF
ENTREPRENEURIAL RE-ENTRY AFTER A BUSINESS FAILURE**

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DISSECTING THE ECOSYSTEMS' DETERMINANTS OF ENTREPRENEURIAL RE-ENTRY AFTER A BUSINESS FAILURE

Purpose: This study evaluates the role of entrepreneurial ecosystems conditions (formal, informal, and social capital) on different types of entrepreneurial re-entry at a global scale.

Methodology: Given this phenomenon's nature, this study builds a panel of data of 54 economies covering different (advanced and emerging) countries across the globe during the period 2004-2017 by mixing multiples sources of information (e.g., Global Entrepreneurship Monitor, the World Economic Forum, the World Bank, and the International Monetary Fund). The statistical analysis consisted of the fixed-effect dynamic GMM estimation for panel data.

Findings: Three empirical insights emerge from our study. First, the entrepreneurial ecosystem's formal conditions are mainly configured to support high-growth entrepreneurship ignoring re-entrepreneurs. Consequently, the formal conditions' contribution is very limited in emerging economies. Second, the analysis of informal conditions revealed social media's critical contribution for legitimizing entrepreneurship and supporting those entrepreneurs who want to re-enter the domestic or international market after a business failure. Third, social networks built during previous business angels or entrepreneurial experiences or other entrepreneurs also play a crucial role for re-entrepreneurs to overcome the weaknesses in the entrepreneurial ecosystems' conditions.

Originality: The study contributes to two ongoing academic debates among entrepreneurship scholars. The first is related to how the entrepreneurial ecosystem supports entrepreneurial activity in different economic contexts. The second is related to the study of the contextual determinants of entrepreneurial re-entry after a business failure.

KEYWORDS

Social Capital; Institutional Economics; Entrepreneurial Ecosystems; Entrepreneurial re-entry; Emerging Economies

INTRODUCTION

According to Shepherd and Williams (2020), entrepreneurship research demands more theoretical frameworks to understand how internal/external environmental conditions influence entrepreneurs' behaviors and actions (Renko *et al.*, 2016; Corner *et al.*, 2017; Williams *et al.*, 2017, 2019; Shepherd and Williams, 2020), as well as how ecosystems' agents seek to minimize the effect of adverse scenarios (Ucbasaran *et al.*, 2009, 2013; Nielsen and Sarasvathy, 2011; Guerrero and Espinoza-Benavides, 2021a, 2021b). Indeed, several authors have argued that entrepreneurs who faced previous business failures tend to respond to adverse situations through a new business creation (Hayward *et al.*, 2010; Boso *et al.*, 2019) and better performance when compared to novice entrepreneurs (Corner *et al.*, 2017; Hessels *et al.*, 2011; Stam *et al.*, 2008). However, re-starting a business after failure may be a bad decision if influenced by the entrepreneur's hubris or loss recovery conduct (Hayward *et al.*, 2010; Hsu *et al.*, 2017). Therefore, there is an open debate about the positive or negative impact that the decision to start a new business after a recent business failure can have on the entrepreneur and his/her environment, but also little is known about how different (developed and developing) contexts can influence the decision and behavior of re-starting after business failure (Fu *et al.*, 2018; Lafuente *et al.*, 2019, 2021).

Even though the link between context and entrepreneurial activity has been widely studied, there are large differences in the quality and quantity of business ventures among different countries (Chowdhury *et al.*, 2019; Guerrero *et al.*, 2020). This research paid attention to ¿why, after a business failure, do some entrepreneurs re-enter straightforwardly in certain countries instead of other countries? Although many differences have been identified between novice and experienced entrepreneurs, few systematic studies on how the environmental conditions affect entrepreneurial re-entry decisions after failure (Fu *et al.*, 2018; Guerrero and Espinoza-

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3 Benavides, 2021b). More specifically, this study theorizes the role of entrepreneurial
4 ecosystems conditions (formal, informal, and social capital) on entrepreneurial re-entry rates
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6 by necessity and opportunity in different (advanced and emerging) contexts across the globe.
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8 In turn, the bias on entry/re-entry persistence rates across emerging economies could be
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10 clarified by the formal and informal institutions that shape re-entrepreneurs' behaviors and their
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12 business sustainability in their contexts (Manolova *et al.*, 2008; Puffer *et al.*, 2010; Silvestre,
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14 2015; Lafuente *et al.*, 2019, 2021). As the entrepreneurial re-entry occurs in a context of
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16 institutional voids, regulations (formal) and social norms (informal) are critical pillars of
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18 entrepreneurial ecosystems that expects to enhance quality/quantity entrepreneurial endeavors
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20 in their economies (Cardon *et al.*, 2011; Mason and Brown, 2013, 2014; Acs *et al.*, 2017;
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22 Simmons *et al.*, 2018). It also explains why entrepreneurship ecosystems have become a
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24 popular topic of discussion among scholars and policymakers, especially in emerging
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26 economies (Guerrero and Urbano, 2017). Adopting the institutional economic theory (North,
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28 1990), we examine the role of entrepreneurial ecosystem pillars (formal conditions) and societal
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30 perceptions of entrepreneurship (informal conditions) on the re-entry trajectory after failure in
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32 emerging economies. By addressing this academic debate, this study contributes to
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34 entrepreneurship literature by proposing and testing a framework about the influence of
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36 ecosystems' conditions on re-entrepreneurs' and entrepreneurs' behaviors and actions. Several
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38 implications for policy markers emerge from this study that could help understand how
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40 (re)entrepreneurs were managing uncertain scenarios.
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51 Following this introduction, we first present the boundary conditions assumed by our theorizing
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53 and then provide a literature review focused on the ecosystem determinants of entrepreneurial
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55 re-entry after failure. We later introduce our methodological design. We then describe and
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analyze our findings. Finally, we offer a concluding discussion focused on our empirical model's implications for future research and practice

THEORETICAL FOUNDATIONS

Entrepreneurial re-entry and entrepreneurial ecosystems

The accumulated literature has contributed to understanding the critical impacts of failure on entrepreneurs. By assuming the existence of learning and error mastery orientation behind any business failure (Funken *et al.*, 2018; p. 4), previous authors have predicted the level of entrepreneurial preparedness of re-entries in domestic or international markets after a business failure (Nielsen and Sarasvathy, 2011; Neumeyer *et al.*, 2018; Surdu *et al.*, 2018; Shepherd *et al.*, 2019; LaFuente *et al.*, 2019), as well as the costs (emotional, economical and societal) related to previous business failures that represent a latent risk of failing for any re-entrepreneur (Shepherd *et al.*, 2009; Ucbasaran *et al.*, 2013; Bullough and Renko, 2013; Shepherd and Williams, 2020). First, the emotional costs represent the absence of reflecting about the failure causes and emotions (Funken *et al.*, 2018). Second, the economic costs represent the financial and legal problems derived from the business failure (Hayward *et al.*, 2010; Hsu *et al.*, 2017). Third, the societal costs represent the social stigma of failure and the legitimacy of re-entrepreneurs after a business failure (Cardon *et al.*, 2011). However, whether the entrepreneur is making a good or bad decision to re-start after failure, little is known about the entrepreneurial ecosystem's conditions in supporting re-entrepreneurs to overcome these costs (Guerrero and Espinoza-Benavides, 2021a, 2021b).

An entrepreneurship ecosystem¹ is understood as a set of socio-economic agents (e.g., policymakers, investors, entrepreneurs, researchers, educators, intermediaries) that coordinate

¹ A preliminary search of academic documents in the SOCUPS database gives just over 70 results for the keyword "entrepreneurial system" and over 700 results for the keyword "entrepreneurial ecosystem". The literature contributes with several frameworks by adopting the

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3 efforts to support entrepreneurship by implementing policies, programs, and other initiatives,
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5 as well as to contribute to the regional economic development (Mason and Brown, 2014; Stam,
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7 2015; Audretsch and Belitski, 2021; Wurth *et al.*, 2021). This study assumes that re-
8
9 entrepreneurs that have built relationships with different agents or intermediaries in the
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11 ecosystem are more likely to reduce the business failures' costs and the institutional voids'
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13 effects (Lee *et al.*, 2011; Mair *et al.*, 2012; Guerrero and Urbano, 2017; Roundy *et al.*, 2017).
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15 A plausible explanation is based on how stronger entrepreneurial systems help fertilize the local
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17 entrepreneurship playing field, which facilitates access to finance for individuals with past
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19 entrepreneurial experience (e.g., regardless of the nature of such past entrepreneurial
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21 experience); whereas entrepreneurs residing in countries with a weaker entrepreneurial system
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23 tend to grapple with different formal (e.g., stigmatization by financial firms) and informal (e.g.,
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25 low social legitimacy) barriers that hinder serial entrepreneurship behaviors (re-entry rates) of
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27 individual with past negative entrepreneurial experience (Acs *et al.*, 2014; Simmons *et al.*,
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29 2018; Lafuente *et al.*, 2020; Guerrero and Espinoza-Benavides, 2021b). Therefore, the
30
31 configuration of different entrepreneurial ecosystems matters for a better explanation of re-
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33 entry rates after business failure in different (developed and developing) economies (Guerrero
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35 and Espinoza-Benavides, 2021b).
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45 **HYPOTHESES**

46 *Entrepreneurial ecosystem's formal conditions and entrepreneurial re-entry*

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48 Institutional economic theory has contributed to a better understanding of the role of formal
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50 conditions (support programs, regulations, tax reforms) on entrepreneurial activity in emerging
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52 economies (Vaillant and Lafuente, 2007; Aidis *et al.*, 2008, 2012; Bruton *et al.*, 2013; Levie *et*
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58 perspective of "systems of entrepreneurship," which is an adaptation of the model of "innovation systems" (Cooke *et al.*, 1997; Lundvall *et*
59 *al.*, 2002). However, this approach has had much less attention from scholars in entrepreneurship when compared with the perspective of
60 entrepreneurial ecosystems (Acs *et al.*, 2014, 2017).

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3 *al.*, 2014). Prior studies have explained exit/entry rates with the absence of supporting
4 institutions (Mair *et al.*, 2007; Chacar *et al.*, 2010) as adequate fiscal regulations, banking
5 frameworks (Stephen and Wilton, 2006; Kerr and Nanda, 2009; Haselmann and Wachtel,
6 2010), labor market regulations (Fu *et al.*, 2018), and market regulations or entry barriers (Lutz
7 *et al.*, 2010; Javalgi *et al.*, 2011). Ongoing academic debates on environmental conditions have
8 mainly focused on the ecosystems' pillars supporting high-growth entrepreneurship
9 (Audretsch, 2012; Acs *et al.*, 2017; Brown and Mason, 2017). In this understanding, an
10 entrepreneurial ecosystem comprises formal elements fostering entrepreneurial activity such as
11 open markets, human capital, funding agents, infrastructure, mentors, regulatory frameworks,
12 education system, and scientific agents (Mason and Brown, 2013, 2014; Stam, 2014; 2015).
13 After failure, potential re-entrepreneurs possess a competitive advantage because of knowing
14 how the market and the entrepreneurial ecosystem work. The entrepreneurial re-entry decision
15 depends on market conditions crucial for identifying new opportunities in similar or different
16 sectors (Atsan, 2016). Moreover, the creation of mentorship programs with ex-entrepreneurs
17 for reducing the personal barriers of new entrepreneurs (Cannon and Edmondson, 2001, 2005;
18 Cope, 2011; Walsh, 2017), the regulatory framework that defines the procedures, duties, and
19 supports programs for new entries or re-entries (Westhead *et al.*, 2003), the re-evaluation of
20 financial practices for accessing to public/private sources of capital (Cuthbertson and Hudson,
21 1996; Chakrabarty and Bass, 2013; Walsh, 2016), the tax policies for entrepreneurial new
22 entries or re-entries (Gentry and Hubbard, 2000), and the attraction/retention of talented people
23 that are required for building teams (Hsu *et al.*, 2017). Consequently, entrepreneurial
24 ecosystems influence the identification of opportunities and the quality of re-entries (Mair *et*
25 *al.*, 2017). In this respect, Fu *et al.* (2018) argue that the labor market rigidly influences the re-
26 entry of experienced entrepreneurs, and the magnitude of this influence depends on the
27 individual's work status at the moment of re-entry. It means that potential re-entrepreneurs
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3 respond differently because the opportunity cost of those not employed (by necessity) differs
4 from exploring a new business opportunity (by opportunity). Indeed, the entrepreneurship
5 policies across country type (developed or emergent) matter in the generation of tensions,
6 challenges, or opportunities during the exploration and exploitation of entrepreneurial
7 initiatives (Kantis *et al.*, 2020). In the assumption that re-entrepreneurs are involved in
8 emerging economies characterized by fostering entrepreneurial ecosystems' conditions, we
9 propose the following hypothesis:

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19 *Hypothesis 1: As much stronger entrepreneurial systems are for entrepreneurial new-*
20 *entries in an economy, the formal conditions will positively influence entrepreneurial re-*
21 *entries*
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26 27 28 *Entrepreneurial ecosystems' informal conditions and entrepreneurial re-entry*

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30 The second determinant of entrepreneurial re-entry into emerging economies after a business
31 failure is the informal environment's informal condition concerning entrepreneurship's societal
32 perception (social norms). Institutional economic theory has also contributed to a better
33 understanding of informal conditions' role (e.g., social norms, values, culture) on
34 entrepreneurial activity in the context of emerging economies (Bruton *et al.*, 2010). Social
35 norms dictate legitimacy, and individuals face social pressure if they do not act according to
36 those norms (Meek *et al.*, 2010); therefore, values and norms determine individual-level
37 decisions. For example, business failure exposes entrepreneurs to the stigma of negative social
38 judgments and to the sanctions created by society for those who decide to re-entry into the game
39 (Cardon *et al.*, 2011; Shepherd and Haynie, 2011; Simmons *et al.*, 2014; Singh *et al.*, 2015). If
40 those informal conditions influence behaviors and emotions (Funken *et al.*, 2018), we expect
41 that societal perceptions clarify entrepreneurship dynamics (entry, permanence, exit, and re-
42 entry) across countries. Hessels *et al.* (2011) analyzed exit and entrepreneurial engagement in
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3 24 countries across the globe. In their control variables, it is possible to identify a negative
4 propensity to re-entry in advanced European economies (e.g., Denmark, Greece, Spain, and
5 Sweden), a positive propensity to re-entry in the U.S. economy as well as in other emerging
6 economies (e.g., Argentina, Croatia, and Slovenia). It is also linked with the European
7 investors' stigma of not investing money in re-entrepreneurs as a sanction of failure without
8 considering business exits as the opportunity to gain more experience that increased the
9 probabilities of success (Zacharakis *et al.*, 1999; Cope *et al.*, 2004; Cope, 2011; Parker, 2013;
10 Yamakawa *et al.*, 2015). Therefore, the entrepreneurial re-entries are delayed or not considered
11 in countries with these sanctions to business failure (Cardon *et al.*, 2011). An alternative to
12 identifying societal perceptions about entrepreneurship is exploring social media content, social
13 status, respect for successful entrepreneurs, and considering being an entrepreneur as a desirable
14 profession (Bosma, 2013). In particular, social media's positive effect on entrepreneurship has
15 been identified in the literature, but limited insights on re-entry after failure (Olanrewaju *et al.*,
16 2020). Moreover, social norms could influence the quality of entrepreneurial re-entries. Social
17 norms associated with negative emotions reduce aspirations and orientations in entrepreneurial
18 re-entry (Cardon *et al.*, 2011; Jenkins *et al.*, 2014). For optimistic and confident re-
19 entrepreneurs, negative emotions are treated as the opportunity to capture societal recognition
20 (Kheli, 2016). It means that potential re-entrepreneurs respond in a different way because the
21 effect produced by social norms translated into negative emotions (by necessity) differs from
22 those considered an opportunity for recognition (by opportunity). In the assumption that re-
23 entrepreneurs are involved in emerging economies with social norms for business failure and
24 entrepreneurship, we propose the following hypothesis:

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54 *Hypothesis 2: As much stronger entrepreneurial systems are for entrepreneurial new-*
55 *entries in an economy, the informal conditions will positively influence entrepreneurial*
56 *re-entries*
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Entrepreneurial ecosystems' social capital and entrepreneurial re-entry

Another determinant of entrepreneurial re-entry into emerging economies after a business failure is the re-entrepreneurs' social capital. The social capital theory has also contributed to the entrepreneurship literature to understand better networks' role on entrepreneurial dynamics (Lechner and Dowling, 2003; Davidsson and Honig, 2003; Stam *et al.*, 2008; Neumeyer *et al.*, 2019; Alonso and Leiva, 2019). Given the complexity of the concept of social capital, Neumeyer *et al.* (2019) propose using the definition of "social networks" as a proxy of social capital in the entrepreneurship field, therefore suggest the following definition: "set of nodes (e.g., persons, organizations) linked by a set of social relationships (e.g., friendship, transfer of funds) of a specific type" (Laumann *et al.*, 1978; Neumeyer *et al.*, 2019). By adopting this approach, the notion is that entrepreneurs are socially embedded agents who leverage vital resources from their social environment to develop and grow ventures (Baron and Markman, 2000). After business exits, it is expected that entrepreneurs have more nodes linked by a set of relationships with close people (e.g., family and friends) and people from other organizations (e.g., government, banks, suppliers, investors, entrepreneurs, and associations) (Ucbasaran *et al.* 2009, 2010, 2013). If their nodes support re-entrepreneurs, they will obtain vital resources, market information and, consequently, be better prepared to identify and take advantage of new opportunities. Social capital intensity will provide a mechanism for absorbing previous business exit experiences and reinforce the re-entrepreneurs optimism for not delaying the entrepreneurial re-entry decision (Nielsen and Sarasvathy, 2011). If a re-entrepreneur is actively involved in networks with other entrepreneurs, this social capital could produce *normative effects or pressure* to re-enter through better entrepreneurial initiatives (Stam *et al.*, 2008). Therefore, the entrepreneurial initiatives vary across countries depending on the number and the quality of their social capital (Alonso and Leiva, 2019; LaFuente *et al.*, 2020). In the assumption that the re-entrepreneurs' social contacts and networks provide the opportunity to

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3 be supported and do not re-entry alone into emerging markets, we propose the following
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5 hypothesis:

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8 *Hypothesis 3: As much stronger entrepreneurial systems are for entrepreneurial new-*
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10 *entries in an economy, social capital will positively influence entrepreneurial re-entries*

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15 *Proposed conceptual model*

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17 Figure 1 summarizes the proposed framework for exploring the entrepreneurial ecosystem's
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19 influence on entrepreneurial re-entry after a business failure.

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22 'Insert Figure 1 here'

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24 **METHODOLOGY**

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26 In previous studies, the most highlighted limitation in business exits/failure has been the lack
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28 of data given the stigmatization of failure (Shepherd and Haynie, 2011; Singh *et al.*, 2015).
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30 Similar difficulties face re-entry studies, particularly in the context of emerging economies
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32 (Koçak *et al.*, 2010; Amankwah-Amoah, 2018). Given this phenomenon's nature, this study
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34 adopts a panel data analysis designed to identify re-entries' determinants and patterns across
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36 different economies. We build a panel of 54 economies covering different regions across the
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38 globe from 2004 to 2017 (756 observations), mixing information sources (Global
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40 Entrepreneurship Monitor, the World Economic Forum, the World Bank, and the International
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42 Monetary Fund).
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48 'Insert Table I here'

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50 Table I shows the description of the variables considered in the panel data analysis. Using the
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52 data from the Adult Population Survey (APS) collected by the Global Entrepreneurship Monitor
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54 (GEM), we defined two dependent variables for entrepreneurship: new entry and re-entry (Stam
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56 *et al.*, 2008; Hessel *et al.*, 2011; Fu *et al.*, 2018; Guerrero and Peña-Legazkue, 2019). To build
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58 these variables, we used the TEA (Total Entrepreneurial Activity) indicator disaggregated per
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3 the quality of entry (necessity or opportunity) and per country. Concretely, TEA measures the
4 adult population's percentage (18-64 years), creating a new venture with less than 42 months
5 (Reynolds *et al.*, 2005: 216). We corrected this measure using other variables included in the
6 APS survey that collects information about business exits (e.g., selling, discontinuity, or
7 quitting) in the last twelve months (see Guerrero and Peña-Legazkue, 2019). After this
8 correction², our variable *new entries* represent the percentage of the adult population (18-64
9 years) that have developed an entrepreneurial activity with less than 42 months motivated by
10 necessity or opportunity without any business exit antecedent in the last twelve months. In the
11 same vein, our variable *re-entries* represent the percentage of the adult population (18-64 years)
12 that have created a new entrepreneurial activity with less than 42 months motivated by necessity
13 or opportunity with a business exit antecedent in the last twelve months.
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31 The first explanatory variable is associated with the entrepreneurial ecosystem formal
32 conditions measured by the environmental conditions that determine business creation and the
33 societal perceptions about entrepreneurship. Using the GEM National Experts Survey (NES)
34 dataset and the Doing Business Survey (World Bank), we defined the formal ecosystem
35 determinants of entrepreneurial entries or re-entries (Ucbasaran *et al.*, 2006; Vaillant and
36 Lafuente, 2007; Fu *et al.*, 2018; Stam, 2015). To avoid collinearity problems, we treated these
37 formal environmental conditions as a factorial analysis that includes the contribution of the
38 following elements of an entrepreneurial ecosystem per country: financial support;
39 governmental policies, programs, regulations; primary/post-education; R&D transference;
40 professional and physical infrastructure; and internal market dynamics (see Appendix 1).
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54 Complementary, we also included the entrepreneurial ecosystem informal conditions (societal
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59 ² This setting involves extracting from each country's TEA the percentage of entrepreneurs who have discontinued a business in the last 12
60 months, due to causes associated with adverse situations such as lack of profitability, lack of funding, etc. Then we obtain a percentage, by
country, of entrepreneurs who are starting a new business but have recently closed another one.

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3 perception) about entrepreneurship using the APS GEM dataset (Meek *et al.*, 2010; Bosma,
4 2013). Societal perceptions are measured with a set of three variables that capture (a) the
5 percentage of the population who consider that starting a new business is a desirable career
6 choice (*desirable career*); (b) the percentage of the population who consider that successful
7 entrepreneurs have a high level of status and respect in the society (*status and respect*); and the
8 percentage of the population who consider that the media often shows stories about successful
9 new business (*media attention*). According to Reynolds *et al.* (2005), GEM's APS and NES
10 indicators are statistically reliable. The second explanatory variable was social capital (Amaral
11 *et al.*, 2011; Hessel *et al.*, 2011; Fu *et al.*, 2018). Using the APS GEM dataset, social capital is
12 measured by a set of variables that capture the percentage of the population that recognizes that
13 know entrepreneurs that have started a business in the last two years (*know entrepreneurs*); the
14 percentage of the population of each country that recognizes that has that in the past three years
15 provided funds for a new business started by someone else (*business angel experience*); in the
16 past has an entrepreneurial experience (*entrepreneurial experience*); and also. This last set of
17 human capital, agents, and links represents the network available to entrepreneurs in each
18 country (Neumeier *et al.*, 2019).

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42 Finally, we considered a set of control variables: *higher education* measures the average of a
43 college degree of the population per country; *skills and knowledge* measure the average of the
44 population per country that recognizes that possess the skills and knowledge required to start a
45 new business; *age* measures the average age of the population per country; *gender* measured as
46 the percentage of the population that indicated that they are a man; and *fear of failure* measured
47 as the percentage of the population per country that says they do not start a new business
48 because of fear of failure (Reynolds *et al.*, 2005: 216); and instrumental variables at country
49 level (temperature and/or raining) to control country effects as well as reducing the inverse
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3 relationship between entrepreneurship and GDP (Dell *et al.*, 2012; Edward *et al.*, 2004) aspect
4 that is practically not considered in studies on entrepreneurial activity that consider GDP or its
5 annual growth rate as a control variable. To analyze emerging economies, we used the Global
6 Competitiveness Index of the World Economic Forum to characterize each country per region
7 and income level. Concretely, we differentiate advanced economies from advanced economies
8 and emerging economies located in Latin America, Europe, and Asia (Hessel *et al.*, 2011).
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19 The statistical analysis consisted of the fixed-effect dynamic GMM estimation for panel data
20 because it allows controlling the heterogeneity of the different analyzed countries that are not
21 explained by the independent and control variables defined. This analysis is also recommended
22 for data panels with many individuals and few periods, as our sample is (Arellano and Bover,
23 1995). Moreover, the analysis was disaggregated by necessity-based entry/re-entry (Model 1)
24 and opportunity-based entry/re-entry (Model 2). Table II shows the descriptive statistics, and
25 Table III shows the correlation analysis. Additional robustness test was included in our
26 econometric model.
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38 'Insert Table II and Table III here'

39 40 **FINDINGS**

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42 Table IV and Table show the results of the panel data analysis across different economies. In
43 general, the endogeneity tests do not show endogeneity. Our models show a good level of over-
44 identification (ideally $p > 0.01$ concerning the Hansen test), which is positive for validating
45 fixed-effect dynamic GMM.
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52 'Insert Table IV and Table V here'

53 54 *The role of entrepreneurial ecosystems' formal conditions on entrepreneurial re-entries*

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56 On average, the descriptive statistical show strongly positive formal conditions in advanced
57 economies concerning emerging economies in Asia, Europe, and Latin America (see Table II).
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3 Model 1 shows that the effect of formal environmental conditions is mostly observed in new
4 entries instead of re-entries (see Table IV). For example, in Latin American and the Caribbean
5 countries, our findings show a positive influence of entrepreneurial ecosystem formal
6 conditions on new entries by necessity (0.0083; $p < 0.01$) and by an opportunity (0.013; $p < 0.05$).
7
8 In emerging European economies, the effect of the entrepreneurial ecosystem formal conditions
9 is negative for necessity re-entries (-0.004; $p < 0.001$). Contrarily, the analysis in advanced
10 economies also shows a positive effect of the entrepreneurship ecosystems formal conditions
11 on new entries (0.002; $p < 0.10$) and re-entries (0.007; $p < 0.10$) by necessity, as well as new
12 entries (0.004; $p < 0.10$) and re-entries (0.004; $p < 0.10$) by the opportunity.
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26 Based on these results, we did not find strong evidence about our measure of ecosystems'
27 formal conditions on entrepreneurial re-entries (H1). A plausible explanation is that
28 entrepreneurial ecosystems' formal factors are not designed or implemented to support re-
29 entrepreneurs who have recently failed in a previous business but rather new entrepreneurs,
30 especially in emerging economies mostly characterized by institutional voids (Puffer *et al.*,
31 2010; Guerrero *et al.*, 2020). This idea is in line with Guerrero and Espinoza-Benavides'
32 (2021a, 2021b) work, which precisely raises (theoretically) some challenges to entrepreneurial
33 ecosystems in terms of the support that some of their formal components can provide to re-
34 entrepreneurs. Intuitively, the effect of formal conditions could be disseminated into the
35 relevance of informal conditions (social norms) or social capital. Another plausible explanation
36 is that re-entrepreneurs need formal institutions more focused on reinforcing their self-efficacy
37 due to their previous failure experience as entrepreneurs that have overcome adverse scenarios
38 (Hayward *et al.*, 2010; Cope, 2011; Shepherd and Williams, 2020). Indeed, the current
39 entrepreneurial ecosystem's formal conditions effectively prioritize strategies fostering high-
40 growth entrepreneurship (Acs *et al.*, 2017; Brown and Mason, 2017). It has generated several
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3 tensions/challenges in evaluating entrepreneurship policies in emerging economies (Kantis *et*
4 *al.*, 2020).
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10 *The role of entrepreneurial ecosystems' informal conditions on entrepreneurial re-entries*

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12 Our results show the crucial role of media in entrepreneurial re-entries by necessity and
13 opportunity in emerging economies located in Latin America, the Caribbean, and Asia (Model
14 1 and Model 2). The effect of successful entrepreneurs' exposition on entrepreneurial re-entries
15 by opportunity is slightly higher than on entrepreneurial re-entries by necessity. However,
16 results show only the positive effect of media on re-entries by opportunity in advanced
17 economies. In the context of European emerging economies, the effect of the media is negative
18 for both entries and re-entries by opportunity (Model 2).
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31 Regarding societal perceptions, results show a favorable condition for re-entries by necessity is
32 the positive societal perception of entrepreneurship as a professional career (0.022; $p < 0.05$)
33 only for those living in the context of European emerging economies. In contrast, the societal
34 perception about the status of the entrepreneur is positive to new entries and re-entries by
35 necessity and opportunity in emerging countries from Latin American and Asia. This result
36 supports our H2. A potential explanation of our findings could be the influence of the
37 stigmatization of failure and the legitimization of entrepreneurship as a professional career
38 (Shepherd and Haynie, 2011; Singh *et al.*, 2015). To re-enter emerging economies,
39 entrepreneurs need to confirm successful entrepreneurs in the market and perceive the society's
40 positive sensibility towards entrepreneurship. It could also be interpreted as the social
41 acceptance of entrepreneurship's role in society that determines the re-entry after failure (Meek
42 *et al.*, 2010).
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The role of entrepreneurial ecosystems' social capital on entrepreneurial re-entries

Results confirm that the lack and the possession of specific business creation skills determine entrepreneurial re-entries in emerging economies. Model 1 shows that social capital compensates for the lack of formal/informal conditions that support re-entries in emerging economies. First, the negative effect of ecosystems' formal conditions on entrepreneurial re-entries by necessity in European emerging economies (-0.0004; $p < 0.001$) is compensated by the potential social networks developed by the re-entrepreneur in previous business angel experiences (0.011; $p < 0.05$) and entrepreneurial experiences (0.005; $p < 0.10$). A similar trend is observed in Asiatic emerging economies where the re-entrepreneur exerts the absence of effect of ecosystems' formal effects in previous business angel experiences (0.015; $p < 0.001$) and entrepreneurial experiences (0.019; $p < 0.05$). However, in both economies, the social network with other entrepreneurs that the re-entrepreneur knows affects only re-entrepreneur by opportunity. Our results confirm that specific social capital from previous business angels and entrepreneurial experiences positively impact entrepreneurial re-entry decisions by opportunity, supporting our H3. Interestingly, we did not find strong evidence about the role of higher education on entrepreneurial re-entries. Intuitively, an explanation could be that individuals with better generic human capital prefer to enter the labor market instead of assuming accelerated risks or uncertainties within emerging markets (Amaral *et al.*, 2011; Guerrero and Peña-Legazkue, 2019). It is also aligned with the reported positive effect on entrepreneurial action and new firms' competitiveness of different types of networks in emerging economies (Alonso and Leiva, 2019; Lafuente *et al.*, 2020).

DISCUSSION

Our results did not provide enough evidence to support the role of the entrepreneurial ecosystem's formal conditions (H1). The lack of empirical evidence entrepreneurial in the re-

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3 entrepreneurial activity and the explanation behind these results demand an extension of the
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5 academic debate about the entrepreneurial ecosystems' actors supporting entrepreneurial re-
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7 entries – especially in emerging economies that are strongly influenced by the presence of
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9 institutional voids. According to Guerrero and Espinoza-Benavides (2021b), entrepreneurial
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11 ecosystems must re-orient their design and actions to effectively give real support to re-
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13 entrepreneurs, especially those facing adverse contexts at the time of re-entrepreneurship.
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19 Regarding the role of informal conditions (H2) of the entrepreneurial ecosystem (social norms)
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21 on the re-entrepreneurship activity at a national level, it highlights the relevant role of social
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23 media in showcasing content about successful new ventures. This insight also demands an
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25 extensive academic debate about the role of social media in facilitating all types of
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27 entrepreneurial activities (Olanrewaju *et al.*, 2020). The social legitimization of
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29 entrepreneurship via social media is a topic that should be studied further in the future,
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31 considering that our empirical evidence shows that it influences both new entrepreneurship and
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33 re-entrepreneurial behavior. Results also show the limited role of societal perceptions in
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35 considering entrepreneurship as a career or societal status – especially in emerging economies
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37 where the failure stigma is still a critical taboo for re-entrepreneurs (Guerrero and Espinoza-
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39 Benavides, 2021a, 2021b).
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47 Our result about the relevance of social capital (H3) revealed the critical role of re-entrepreneurs
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49 networking from their previous experiences or knowing other entrepreneurs. Indeed, social
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51 capital exerts a crucial contribution given the weaknesses of entrepreneurial ecosystems,
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53 especially those interested in re-entering the market with a new entrepreneurial initiative. It is
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55 possible to observe that some emerging countries' existing social capital creates a more
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57 favorable context for entrepreneurship (Alonso and Leiva, 2019; Lafuente *et al.*, 2020), as well
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3 as for re-entrepreneurship after a business failure. Even though more educated citizens seem to
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5 harm both nascent and re-entrepreneurial activity, it seems to be compensated by the human
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7 capital available in each country, claiming to have the knowledge and experience to create and
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9 manage a business, encouraging both re-starting and new entrepreneurship. However,
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11 undoubtedly, angel investors' greater presence in the countries is a stimulus to entrepreneurship
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13 and re-entrepreneurship. This evidence is consistent with findings from previous studies, which
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15 suggest that these types of agents can contribute directly to a greater likelihood of re-
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17 entrepreneurship after business failure (Cope *et al.*, 2004; Hessels *et al.*, 2011).
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23 CONCLUSIONS

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26 Three conclusions emerge from our results. First, in the analyzed emerging economies, the
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28 entrepreneurial ecosystem's formal conditions are mainly configured to support high-growth
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30 entrepreneurship ignoring re-entrepreneurs. Consequently, the formal conditions' contribution
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32 in terms of financial support, governmental policies, programs, regulations, primary and post-
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34 education, R&D transference, professional and physical infrastructure, and internal market
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36 dynamics need to be reviewed/evaluated if policymakers want to support entrepreneurial
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38 diversity across countries (Welter *et al.*, 2016; Kantis *et al.*, 2020). Second, the analysis of
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40 informal conditions revealed social media's critical contribution for legitimizing
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42 entrepreneurship and supporting those entrepreneurs who want to re-enter the domestic or
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44 international market after a business failure (Lafuente *et al.*, 2019). Consequently, the social
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46 perception of entrepreneurship as a career or societal status also plays a critical role in reducing
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48 the failure stigma in society (Simmons *et al.*, 2014; 2018). Third, social networks built during
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50 previous business angels, entrepreneurial experiences, or other entrepreneurs also play a crucial
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52 role for re-entrepreneurs. Indeed, we could argue that social capital is crucial for accessing
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54 financial resources and overcoming the weaknesses in the entrepreneurial ecosystems'
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3 conditions (Guerrero and Espinoza-Benavides, 2021b; Lafuente *et al.*, 2019), as well as for
4 enhancing ventures' competitiveness (Alonso and Leiva, 2019; Lafuente *et al.*, 2020).
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10 Our study has several limitations. First, our methodology has advantages and disadvantages.
11 Concerning the panel data analysis, the measures used in the analysis should be improved. GEM
12 data help us to provide insights into the re-entry phenomenon in different emerging economies.
13 However, the metrics are limited to the information that is collected in the APS and NES
14 surveys. A natural extension obtains information about the re-entry trajectory by administering
15 a questionnaire in a representative collection of re-entrepreneurs across emerging economies.
16 For instance, our social media proxy could also be reinforced by using another type of metrics
17 like sentimental analysis (Olanrewaju *et al.*, 2020). Second, the complexity of accessing
18 information is limited to theorize and to evidence the re-entry speed and the quality. The
19 conception of time and space could influence the re-entry trajectory and each participant's role
20 (re-entrepreneurs, families, institutions, networks, venture capital, society). This limitation
21 demands theory integration across disciplines to understand the phenomenon of entrepreneurial
22 re-entry in emerging economies, as Shaw *et al.* (2018) suggested. Third, based on the previous
23 two limitations, our empirical analysis presents several challenges, such as testing if the effects
24 of the studied ecosystem's conditions on entrepreneurship (entry and re-entry) are
25 homogeneous across country groups (advanced and emerging). Intuitively, our analysis finds
26 structural breaks by country types. Future studies should consider including additional evidence
27 as well as additional robustness test (e.g., the Chow test that constitutes a valuable tool to
28 validate country clustering)
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56 Three implications emerged from the study for policymakers and entrepreneurs. First, following
57 the re-entrepreneurs' costs of business failure and learning perspective (Shepherd, 2003;
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3 Shepherd *et al.*, 2009; Cope, 2011; Ucbasaran *et al.*, 2013), the formal components/factors of
4 entrepreneurial ecosystems should support the minimization of the costs of business failure
5 through public-private initiatives (Guerrero and Espinoza-Benavides, 2021a, 2021b). Second,
6 from the perspective of entrepreneurship in adverse conditions (Renko *et al.*, 2016; Shepherd
7 and Williams, 2020), social media and business angel networks can be very useful in adverse
8 contexts like natural disasters, pandemics, or crises (besides post-failure entrepreneurship).
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10 Third, the positive effect of the ecosystem's formal conditions is more prevalent in developed
11 economies, whereas networks (both market-led and social-led) are more important in
12 developing settings (e.g., emerging American countries and emerging Asia nations).
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26 Future progress on this subject should involve the participation of actors from the public, private
27 and academic worlds; the development of new quantitative and qualitative research approached
28 from positivist and constructivist visions, as there is no doubt that entrepreneurship under
29 adverse conditions is a phenomenon that demands much more attention and efficient solutions
30 than other issues in the field of management and business. In the short term, progress can be
31 made by carrying out complementary research presented in this manuscript, considering the
32 methodological aspects that have limited us.
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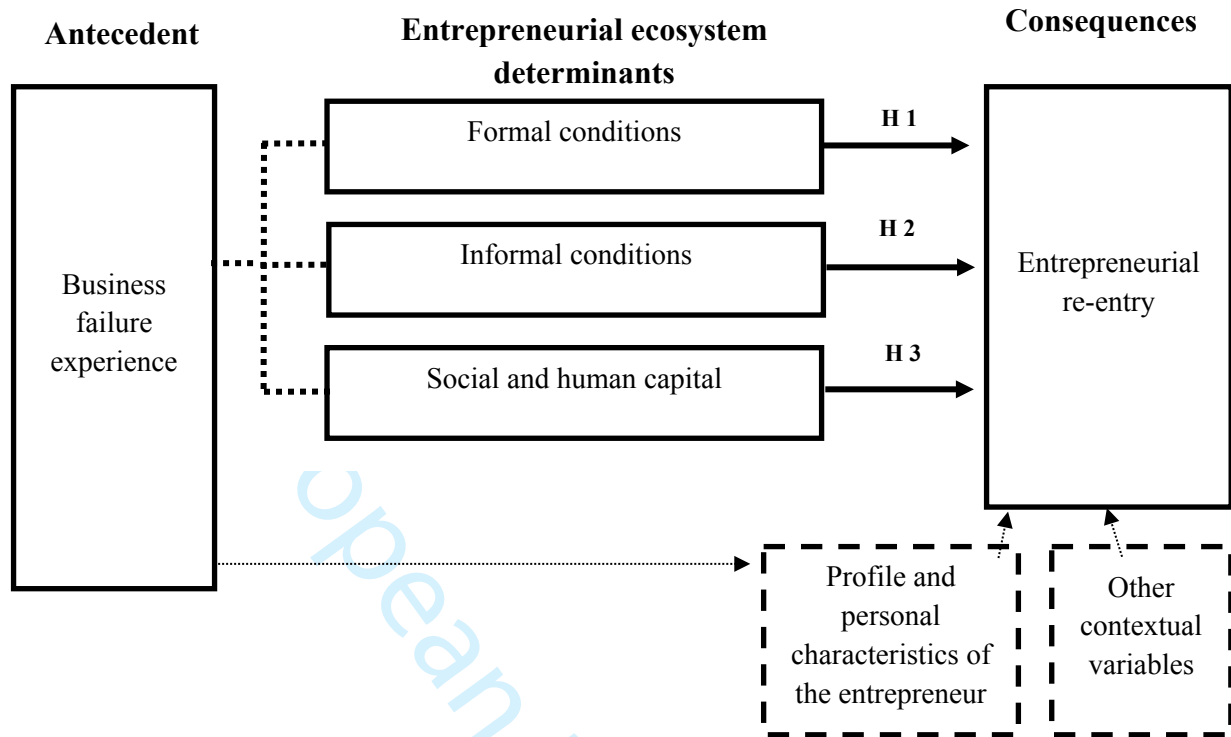


Figure 1: Entrepreneurial ecosystem determinants of entrepreneurial re-entry

Source: Authors

Table I: List of variables

Dimension	Variable		Description	Source	Ref.
Dependent variable	Entry	TEA-Opportunity	Percentage of the adult population that has created a new entrepreneurial activity with less than 42 months motivated by an opportunity without any business exit antecedent in the last twelve months	APS (GEM)	Stam <i>et al.</i> , 2008; Hessel <i>et al.</i> , 2011, Fu <i>et al.</i> , 2018
		TEA-Necessity	Percentage of the adult population that has created a new entrepreneurial activity with less than 42 months motivated by a necessity without any business exit antecedent in the last twelve months		
	Re-entry	Re-entry - Opportunity	Percentage of the adult population that has created a new entrepreneurial activity with less than 42 months motivated by an opportunity with business exit antecedent in the last twelve months		
		Re-entry-Necessity	Percentage of the adult population that has created a new entrepreneurial activity with less than 42 months motivated by a necessity with business exit antecedent in the last twelve months		
Entrepreneurial ecosystem formal conditions	Financial support		Financial environment related with entrepreneurship. NES.	NES ³ (GEM), Doing ⁴ Business (World Bank)	Vaillant and Lafuente, 2007; Fu <i>et al.</i> , 2018
	Governmental policy		Government concrete policies, priority and support. NES.		
	Government regulations		Government policies bureaucracy, taxes. NES.		
	Governmental programs		Government programs. NES.		
	Primary entre. education		Entrepreneurial education at primary and secondary. NES.		
	Post entre. education		Entrepreneurial education at college and university. NES.		
	R&D transference		R&D level of transference. NES.		
	Professional infrastructure		Professional and commercial infrastructure access. NES.		
	Internal dynamics		Internal market dynamics. NES.		
	Internal burdens		Internal market burdens. Doing business.		
Support infrastructure		Physical infrastructures and services access. NES.			
Entrepreneurial ecosystem informal conditions	Desirable career (DC)		Percentage of people who consider that starting a new business is a desirable career choice	APS (GEM)	Bosma, 2013
	Status and respect (SR)		Percentage of people who consider that successful new entrepreneurs have a high level of status and respect		
	Media attention (MA)		Percentage of people who consider that the public media or internet often shows stories about successful new businesses		
Entrepreneurial ecosystem social capital	Know entrepreneurs (KE)		Percentage of people that recognizes that know someone personally who started a business in the past 2 years	APS (GEM)	Stam <i>et al.</i> , 2008; Amaral <i>et al.</i> , 2011; Fu <i>et al.</i> , 2018
	Business angel exp. (BAE)		Percentage of people that recognizes that in the past three years, personally provided funds for a new business started by someone else, excluding any purchases of stocks or mutual funds		
	Entrepreneurial exp. (BAE)		Percentage of people that recognizes that has created a business in the past year		
Control variables	Individual	Higher education	Percentage of people that possess a college degree	APS (GEM)	Bosma, 2013; Fu <i>et al.</i> , 2018
		Skills and Knowledge	Percentage of people that recognizes that possess knowledge, skill and experience required to start a new business		
		Fear of failure	Percentage of people that perceives that fear of failure would prevent starting a business		
		Age	Average of the participants' age per country		
		Gender_male	Percentage of participants that indicates that are male per country		
	Country (instrumental for ln GDPpc)	Temperature	Annual average temperature	World Bank	Edwards <i>et al.</i> , 2004; Dell <i>et al.</i> , 2012
		Rainfall	Average annual rainfall		

³ Score weighted from 1 to 5 according to various items measured on a Likert scale. For each country and respective year.

⁴ Weighted score of an indicator between 1 and 100 calculated from 10 standardised items. For each country and respective year.

Table II: Descriptive statistics

Variable	Advanced Economies				European Emerging Economies				Latin American Economies				Asian Emerging Economies			
	Mean	S. D.	Min	Max	Mean	S. D.	Min	Max	Mean	S. D.	Min	Max	Mean	S. D.	Min	Max
TEA-Necessity	0.0115	0.0074	0.0011	0.0340	0.0274	0.0103	0.0039	0.0528	0.0423	0.0238	0.0013	0.1339	0.0405	0.0325	0.0018	0.1223
TEA-Opportunity	0.0470	0.0179	0.0101	0.1093	0.0396	0.0171	0.0115	0.0741	0.1013	0.0479	0.0114	0.2912	0.0939	0.0603	0.0092	0.2750
Re-entry-Necessity	0.0011	0.0012	0.0000	0.0071	0.0032	0.0018	0.0000	0.0075	0.0056	0.0042	0.0000	0.0216	0.0091	0.0131	0.0000	0.0514
Re-entry-Opportunity	0.0033	0.0022	0.0000	0.0136	0.0036	0.0018	0.0005	0.0086	0.0122	0.0086	0.0000	0.0435	0.0176	0.0202	0.0000	0.0756
Formal conditions (FC)	0.2161	1.0850	-1.1559	4.9677	-0.3613	0.8483	-1.1282	2.6416	-0.2801	0.8404	-1.4621	3.1296	-0.0970	1.0832	-1.3603	4.1353
Desirable career (DC)	0.5660	0.1056	0.2896	0.8476	0.6993	0.0670	0.5816	0.8289	0.7329	0.1377	0.1655	0.9562	0.6889	0.1210	0.3128	0.9077
Status and respect (SR)	0.6887	0.0972	0.3861	0.8813	0.6202	0.1225	0.4005	0.8425	0.7088	0.0895	0.4455	0.8707	0.7291	0.1163	0.3333	0.9537
Media attention (MA)	0.5437	0.1267	0.2247	0.8599	0.5354	0.1014	0.3660	0.7222	0.6802	0.1168	0.3672	0.8630	0.6827	0.1394	0.2104	0.8792
Higher Education (HE)	3.0180	0.6577	2.0573	6.1782	2.8104	0.5166	2.3500	4.8508	3.1288	0.6633	2.0418	6.2300	3.0244	0.7469	2.1171	6.2997
Skills and knowledge (SK)	0.4326	0.0924	0.0922	0.6384	0.5332	0.0803	0.2739	0.6703	0.6227	0.1182	0.2683	0.9228	0.5649	0.1990	0.1164	0.8938
Business angel exp. (BAE)	0.0369	0.0177	0.0031	0.1047	0.0440	0.0231	0.0027	0.1280	0.0575	0.0353	0.0020	0.1582	0.0792	0.0714	0.0104	0.2930
Entrepreneurial exp. (EE)	0.0240	0.0102	0.0046	0.0700	0.0379	0.0125	0.0117	0.0738	0.0601	0.0337	0.0026	0.2708	0.0858	0.0837	0.0075	0.3028
Known entre (KE)	0.3402	0.0855	0.1401	0.5968	0.3701	0.0878	0.2367	0.5707	0.4270	0.0993	0.1990	0.7006	0.4871	0.1647	0.1805	0.8490
Fear failure (FF)	0.5921	0.1032	0.2638	0.8488	0.5811	0.1046	0.3519	0.7576	0.6840	0.0684	0.5051	0.9463	0.6505	0.1232	0.3851	0.8774
Gender-male	0.4802	0.0311	0.3400	0.5195	0.4762	0.0521	0.3637	0.7054	0.4718	0.0344	0.2814	0.5266	0.4969	0.0612	0.3770	0.7425
Age	43.6959	3.8150	37.8720	55.9490	42.1545	3.0640	36.2757	49.0115	39.4616	3.4064	33.8455	47.5095	36.7980	2.9649	30.5025	45.5486
Temperature	10.0377	5.4042	-6.4456	28.1758	11.0338	1.0710	8.4011	13.3196	19.9958	6.3519	6.5796	27.0821	20.8664	9.0367	-5.6680	28.0780
Rainfall	76.7033	36.1287	17.0387	249.2287	71.0551	26.3880	36.4762	131.9239	130.6674	68.4081	39.5719	309.8480	105.2591	80.0800	3.2300	289.8080

Note: We divided these economies per income

- Advanced economies: Australia, Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Netherlands, Norway, Portugal, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, United Kingdom, United States
- European Emerging Economies: Romania, Turkey, Bosnia and Herzegovina, Macedonia, Croatia, Hungary, Poland
- Latin America and the Caribbean Emerging Economies: Argentina, Brazil, Colombia, Ecuador, Guatemala, Jamaica, Mexico, Panama, Peru, Chile, Barbados, Trinidad & Tobago, Uruguay
- Asian Emerging Economies: China, India, Indonesia, Malaysia, Philippines, Thailand

Table III: Correlation matrix

Variables	1	2	3	4	5	6	7
1 TEA-Necessity	1						
2 TEA-Opportunity	0.9133*	1					
3 Re-entry-Necessity	0.9316*	0.8576*	1				
4 Re-entry-Opportunity	0.9783*	0.8860*	0.8398*	1			
5 Desirable career (DC)	0.4281*	0.4298*	0.3968*	0.4200*	1		
6 Status and respect (SR)	0.2797*	0.2911*	0.2568*	0.2745*	0.3552*	1	
7 Media attention (MA)	0.4433*	0.4172*	0.3722*	0.4589*	0.3587*	0.4303*	1
8 Skills and knowledge (SK)	0.5815*	0.5737*	0.5377*	0.5672*	0.5665*	0.2961*	0.3435*
9 Fear failure (FF)	0.2655*	0.2472*	0.2235*	0.2701*	0.1295*	0.0995*	0.3107*
10 Known entre (KE)	0.4887*	0.4843*	0.4189*	0.4948*	0.2671*	0.3203*	0.3857*
11 Business angel exp. (BAE)	0.7190*	0.7332*	0.6145*	0.7312*	0.2964*	0.2104*	0.2747*
12 Formal conditions (FC)	-0.1001*	-0.1150*	-0.1230*	-0.0817*	-0.2273*	-0.0554*	0.1020*
13 Gender-male	0.0472*	0.1015*	-0.0007	0.0646*	-0.0486*	0.0871*	0.1113*
14 Higher education (HE)	-0.3953*	-0.3963*	-0.4094*	-0.3619*	-0.3815*	-0.1063*	-0.2217*
15 Age	-0.4610*	-0.4626*	-0.4340*	-0.4472*	-0.3120*	-0.2420*	-0.2365*
16 Temperature	0.3560*	0.3797*	0.3154*	0.3543*	0.3805*	0.1055*	0.3380*
17 Rainfall	0.1171*	0.0847*	0.1028*	0.1230*	0.1415*	-0.0507*	0.3389*
18 Entrepreneurial exp. (EE)	0.1219*	0.5763*	0.5391*	0.4885*	0.4959*	0.4113*	0.2942*
	8	9	10	11	12	13	14
8 Skills and Knowledge (SK)	1						
9 Fear failure (FF)	0.3259*	1					
10 Known entre (KE)	0.5029*	0.2179*	1				
11 Business angel (BA)	0.4823*	0.1735*	0.4749*	1			
12 Formal conditions (FC)	-0.1927*	-0.0549*	-0.0804*	-0.0076	1		
13 Gender-male	-0.0134	-0.0411*	0.1364*	0.1781*	0.0973*	1	
14 Higher education (HE)	-0.4038*	-0.1830*	-0.2439*	-0.2447*	-0.0786*	0.1600*	1
15 Age	-0.3359*	-0.0326*	-0.4088*	-0.3152*	-0.3045*	0.3992*	0.1381*
16 Temperature	0.4647*	0.1731*	0.1313*	0.1631*	0.1615*	-0.4664*	-0.5259*
17 Rainfall	0.2144*	0.1827*	0.0934*	-0.0107	-0.0365*	-0.3120*	-0.1993*
18 Entrepreneurial exp. (EE)	0.3614*	0.4016*	0.3056*	0.4343*	0.4501*	-0.1296*	0.1085*
	15	16	17	18			
15 Age	1						
16 Temperature	-0.0645*	1					
17 Rainfall	-0.0268	0.5118*	1				
18 Entrepreneurial exp. (EE)	0.4760*	0.3882*	0.0744*	1			

Table IV: GMM Estimations for entry/re-entry entrepreneurship by necessity (Model 1)

VARIABLES	Advanced Economies		Emerging Europe		Emerging Latin America and the Caribbean		Emerging Asia	
	New entry	Re-entry	New entry	Re-entry	New entry	Re-entry	New entry	Re-entry
Formal conditions (FC)	0.0023* (0.0010)	0.0070* (0.0016)	0.0032 (0.0059)	-0.0004*** (0.0003)	0.0083*** (0.0032)	0.0092 (0.0010)	-0.0181** (0.0039)	0.0002 (0.0003)
Desirable career (DC)	0.0094 (0.0043)	0.0006 (0.0006)	0.1604*** (0.0391)	0.0217** (0.006)	0.0195 (0.0248)	-0.0029 (0.0039)	-0.0122 (0.0189)	-0.0091 (0.0111)
Status, respect (SR)	-0.0081 (0.0050)	-0.0010 (0.0008)	-0.0933** (0.0365)	-0.0133* (0.0053)	-0.0052 (0.0408)	0.0056 (0.0163)	-0.0198 (0.0180)	-0.0027 (0.0097)
Media attention (MA)	0.0023 (0.0040)	0.0003 (0.0007)	0.0332 (0.0269)	0.0023 (0.0084)	0.0771** (0.0201)	0.0112* (0.0035)	0.0257** (0.0148)	0.0156*** (0.0120)
Known entrepreneurs (KE)	0.0122* (0.0006)	0.0018 (0.0009)	0.0436** (0.0286)	0.0297 (0.0134)	-0.0261 (0.0257)	-0.0022 (0.0082)	0.0270*** (0.0056)	0.0012 (0.0013)
Business angel exp. (BAE)	0.0500* (0.0030)	0.0067 (0.0050)	0.2372*** (0.0833)	0.0110** (0.002)	0.0455 (0.0679)	0.0260 (0.0226)	0.3854*** (0.0867)	0.1505*** (0.0156)
Entrepreneurial exp. (EE)	0.3124*** (0.0521)	0.0800*** (0.0080)	0.2372*** (0.1892)	0.0056* (0.0031)	0.3600*** (0.0606)	0.0608*** (0.0007)	0.0532* (0.0200)	0.0195** (0.0092)
Higher education (HE)	0.0012** (0.0001)	0.0015 (0.0002)	-0.0035** (0.0089)	-0.0008 (0.0008)	-0.0340*** (0.0103)	-0.0023 (0.0018)	0.0736* (0.0214)	-0.0140 (0.0097)
Skills and knowledge (SK)	0.0082** (0.0005)	0.0010* (0.0008)	-0.0489*** (0.0209)	-0.0315* (0.0104)	0.0607*** (0.0023)	0.0114*** (0.0121)	-0.0755** (0.0381)	-0.0365* (0.0135)
Fear failure (FF)	-0.0068 (0.0052)	0.0011* (0.0007)	-0.0436 (0.0326)	-0.0026 (0.0114)	0.0706** (0.0308)	0.0214* (0.0109)	0.0136 (0.0233)	0.0190*** (0.0045)
Gender (Male)	-0.0017 (0.00)	-0.0018 (0.0020)	0.02461 (0.0265)	0.0138*** (0.0064)	0.0059 (0.0597)	0.0064 (0.0163)	-0.0504* (0.0209)	-0.0189** (0.0082)
Age	-0.0007*** (0.0001)	0.0007*** (0.0000)	-0.0020** (0.0007)	-0.0005* (0.0003)	-0.0022** (0.0008)	0.0004 (0.0005)	-0.0044 (0.0005)	-0.0062* (0.0003)
Instrumental	0.0150* (0.0001)	0.0150* (0.0001)	0.2129* (0.1111)	0.0197** (0.0085)	0.0707* (0.0035)	-0.0012 (0.0245)	0.1547* (0.0962)	0.0496 (0.0750)
N	392	392	98	98	182	182	84	84
R-squared	0.505	0.520	0.442	0.344	0.416	0.482	0.526	0.475
Under ident. test	0.161	0.161	0.182	0.181	0.732	0.732	0.161	0.161
Weak test	1.279	1.279	1.224	1.225	1.188	1.188	1.279	1.279
Hansen J statistic	0.357	0.360	0.336	0.159	0.383	0.326	0.331	0.104
Endogeneity test	0.465	0.446	0.464	0.452	0.489	0.399	0.416	0.205

Notes: *** p<0.01, ** p<0.05, * p<0.1

Table V: GMM Estimations for entry/re-entry entrepreneurship by opportunity (Model 2)

VARIABLES	Advanced Economies		Emerging Europe		Emerging Latin America and the Caribbean		Emerging Asia	
	New entry	Re-entry	New entry	Re-entry	New entry	Re-entry	New entry	Re-entry
Formal conditions (FC)	0.0004* (0.0001)	0.0004* (0.0001)	0.0036*** (0.0010)	-0.0149 (0.0013)	0.0028** (0.0040)	0.0016 (0.0007)	0.0015* (0.0011)	0.0001 (0.0001)
Desirable career (DC)	-0.0194 (0.0011)	-0.0103 (0.0011)	-0.0491 (0.0301)	-0.0084 (0.0053)	0.0088 (0.0660)	0.0121 (0.0307)	0.0381 (0.0193)	0.0032 (0.0026)
Status, respect (SR)	-0.0014 (0.0013)	-0.0144 (0.0013)	0.0166 (0.0405)	-0.0026 (0.0055)	0.0277* (0.0110)	0.0234* (0.010)	0.0349* (0.0211)	0.0063** (0.0026)
Media attention (MA)	0.0023* (0.0012)	0.0025* (0.0012)	-0.0101* (0.0006)	-0.0107* (0.0069)	0.0285*** (0.0331)	0.0333*** (0.0051)	0.0281* (0.0151)	0.0335* (0.0017)
Known entrepreneurs (KE)	0.0001 (0.0016)	0.0001 (0.0016)	0.0411 (0.0496)	0.0050* (0.0114)	0.0257 (0.1743)	0.0422 (0.0330)	0.0190 (0.0250)	0.0161*** (0.0023)
Business angel exp. (BAE)	0.02322** (0.0081)	0.02322** (0.0081)	0.0067 (0.0199)	-0.0179 (0.0177)	0.0815*** (0.0182)	0.0777** (0.0382)	0.0025 (0.0041)	0.0001 (0.0005)
Entrepreneurial exp. (EE)	0.1388*** (0.0035)	0.1388*** (0.0013)	0.2658 (0.0439)	0.0658 (0.0439)	0.1148*** (0.0162)	0.1181*** (0.0121)	-0.0007 (0.0292)	-0.0020 (0.0027)
Higher education (HE)	0.0004 (0.0001)	0.0004 (0.0004)	-0.0206 (0.0124)	-0.0049** (0.0017)	0.0021 (0.0002)	-0.0041 (0.0060)	0.0148*** (0.0014)	0.0422*** (0.0116)
Skills and knowledge (SK)	0.0003 (0.0010)	0.0003 (0.0013)	0.0381** (0.0075)	0.0238** (0.0071)	0.0179* (0.0063)	0.0198* (0.006)	0.2108*** (0.0208)	0.2110*** (0.0208)
Fear failure (FF)	0.0044*** (0.0002)	0.0044*** (0.0013)	-0.0815 (0.0589)	-0.0153** (0.0072)	-0.2792** (0.1421)	-0.0330 (0.0290)	-0.0444** (0.0184)	-0.0140** (0.0016)
Gender (Male)	-0.0007** (0.0032)	-0.0007** (0.0032)	0.0125* (0.0658)	0.0086* (0.0047)	-0.0013 (0.3121)	-0.0402 (0.0619)	-0.0336* (0.0260)	-0.0229* (0.0034)
Age	-0.0070* (0.0032)	-0.0070 (0.0032)	0.0031* (0.0001)	-0.0001** (0.0001)	-0.0122 (0.0077)	-0.0015 (0.0015)	-0.0011** (0.0004)	0.0000 (-0.0402)
Instrumental	0.0152* (0.0002)	0.0152* (0.0002)	0.0759 (0.0640)	-0.0033 (0.0053)	0.1231 (0.0642)	-0.0711 (0.0642)	-0.0557 (0.2315)	-0.0149 (0.0290)
N	392	392	98	98	182	182	84	84
R-squared	0.505	0.420	0.463	0.444	0.421	0.421	0.416	0.416
Under ident. test	0.161	0.161	0.182	0.181	0.732	0.732	0.161	0.161
Weak test	1.279	1.279	1.224	1.225	1.188	1.188	1.279	1.279
Hansen J statistic	0.357	0.360	0.336	0.159	0.383	0.326	0.331	0.104
Endogeneity test	0.465	0.446	0.464	0.452	0.489	0.399	0.416	0.205

Notes: *** p<0.01, ** p<0.05, * p<0.1

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Appendix 1: Entrepreneurial Ecosystem [Formal Conditions]

Variable	Advanced Economies				European Emerging Economies				Latin American Economies				Asian Emerging Economies			
	Mean	S.D.	Min	Max	Mean	S.D.	Min	Max	Mean	S.D.	Min	Max	Mean	S.D.	Min	Max
Financial support	2.9006	0.7342	1.6500	5.7352	2.4672	0.5481	1.7645	4.7251	2.4108	0.4712	1.5749	4.8602	2.7441	0.7949	1.7041	5.7723
Governmental policies	2.8458	0.7561	1.5900	6.4802	2.4443	0.5685	1.8090	4.5997	2.5242	0.6536	1.6800	5.7823	2.7852	0.7084	1.7171	5.5011
Regulations	2.6844	0.8188	1.4678	5.8150	2.1817	0.5967	1.5500	4.6110	2.3058	0.7041	1.3258	5.5298	2.3994	0.6302	1.5650	5.1754
Programs	3.0033	0.7473	1.7200	5.9628	2.4975	0.5789	1.7781	4.6042	2.6514	0.6539	1.6300	5.4100	2.5049	0.6644	1.5422	5.6203
Primary education	2.3010	0.6202	1.3694	5.5993	2.1569	0.4028	1.6400	3.9073	1.9341	0.3553	1.3703	3.7362	2.2573	0.6319	1.3690	4.9870
Post-education	3.0180	0.6577	2.0573	6.1782	2.8104	0.5166	2.3500	4.8508	3.1288	0.6633	2.0418	6.2300	3.0244	0.7469	2.1171	6.2997
R&D transference	2.7783	0.6467	1.8705	6.2240	2.3032	0.4696	1.7220	4.0927	2.3307	0.4965	1.6355	4.1755	2.3661	0.6702	1.6440	4.9324
Professional infrastructure	3.4561	0.7560	2.0795	6.2976	3.0889	0.6716	2.5944	5.9583	3.0185	0.5516	2.3208	5.0644	3.1424	0.6570	2.1097	5.6315
Physical infrastructure	4.2149	0.9367	2.7626	7.8789	3.6827	0.8752	2.8456	6.8154	3.8946	0.9154	2.9326	7.5885	3.6552	0.9939	2.2794	7.1734
Internal market dynamics	3.0891	0.7892	1.8400	7.3143	3.6149	0.7548	2.9328	6.3649	2.9324	0.7743	1.9063	7.2361	3.4858	0.8781	2.0625	6.3824