FOSTERING AN ADAPTIVE ENTREPRENEURIAL ECOSYSTEM FOR

ENTREPRENEURS' RE-ENTRY IN INDIA

by

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ABSTRACT

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Entrepreneurship plays a significant role through creating employment, providing
goods and services to the poor and is regarded as an important hedge against poverty.
Also productive entrepreneurship contributes to Economic Growth (EG). But, there
will be a doubt for high venture rates that whether entrepreneurs improve and enter
again into the business world. Therefore, it is essential to explore and analyze the
development of entrepreneurs is strictly important in developing economies like India.
For overpowering the costs and stigma associated to failure, few have learned
regarding the ecosystem environments that support reformed entrepreneurs. Later for
prompting older founders' choices to initiate a advanced scheme, the current research
explores each individuals involvements of failure with the communication of the
India's Entrepreneurial Ecosystem (EE). Research gaps are explored in the current
research by investigating the factors at the levels of individual, organizational, and

institutional that form comeback of choices in the Indian background. To convey the policies that decrease the costs of failure on the concepts studies from past experiences are estimated in the outcomes attained. To explore the full concepts, a quantitative multilevel methodology is used. There is a collective and combined data with country-level indices (GEM expert surveys, World Bank economic indicators, and Global Leadership and Organizational Behavior Effectiveness (GLOBE) known as separate data from the Global Entrepreneurship Monitor (GEM) (2016–2024)

By utilizing the predictors like failure, perceived entrepreneurial skill, Fear of Failure (FoF), and demographics at the micro level, the second finding of entrepreneurial engagement is forecasted by multiple level of logistic regression kind of model. Entering again into the concept is crucially improved by the earlier failure and is shown from the important outcomes. Additionally, success not attained entrepreneurs are about 2.3 times involved in a advanced scheme when comparing with the novices. The attained advantage is optimized in the assisted ecosystems. The interaction attained is found to be positive and highly relate with old institutional support. This kind of support shows that success not attained entrepreneur's excessively attained advantage from the different set of policies as well as programs. In highly communist based countries, engagement as a overall is found to be less. However when comparing with the novices, success not attained entrepreneur's conserve a higher probability of comeback. When concluding as summary, employing India's EE for enable second choices can connect lessons from failure based on the attained results. Founders who have experience will restart their businesses but establishment of formal assistance and supporting community networks may expand the odds. This

kind of methods optimizes flexibility and promotes entrepreneurial renewal, thereby

make parallel with policy goals for ultimately transforming failure into future success.

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APS	Adult Population Survey
EEs	Entrepreneurial ecosystems
FFS	Fund of Funds for Startups
FoF	Fear of Failure
GEM	Global Entrepreneurship Monitor
GLOBE	Global Leadership and Organizational Behavior Effectiveness
HLM	Hierarchical Linear Modelling
ICC	Intraclass Correlation Coefficient
NES	National Expert Survey
OR	Odds Ratios
SD	Standard Deviation
VIF	Variance Inflation Factors
WDI	World Development Indicators

CHAPTER I

INTRODUCTION

1.1   Preface

Entrepreneurship plays a pivotal role in job creation, economic growth (EG), and innovation. Recently, Entrepreneurial Activity (EA) has risen in numerous sectors of the economy, with academia following suit in its research. Even though entrepreneurship is vital for society and the economy, it frequently causes failure and has several causes. As per numerous studies, a higher number of companies fail in the course of their entrepreneurial effort. EEs play an essential role in levelling and developing EA for a given geography. They are communities of many independent actors (Melchor-Duran and Villegas-Mateos, 2024; Costa *et al*., 2023).

Nevertheless, for overcoming these costs, knowing about the conditions of EE in supporting re-entrepreneurs is important. A set of socio-economic agents (e.g., entrepreneurs, policymakers, educators, researchers, investors, and intermediaries) taking efforts for supporting entrepreneurship by employing programs, policies, and other initiatives, as well as making a contribution to the regional economic development, is termed an entrepreneurship ecosystem. As per the study, re-entrepreneurs who built relationships with various intermediaries or agents in the ecosystem are more possibly to diminish the institutional voids and Business Failures (BFs) (Espinoza-Benavides *et al*., 2021; Guerrero and Espinoza-Benavides, 2021).

Over the last decade, EEs have gained huge popularity within policy, research, and business practitioner fields. Indeed, half of the 10 most-cited papers in entrepreneurship over the past 5 years are on EEs. Governments and non-

governmental firms, namely the OECD, the United Nations, the European Commission, the World Economic Forum, the Kauffman Foundation, and the World Bank, as well as commercial organizations, comprising StartupBlink and StartupGenome, rapidly adopt the idea (Wurth *et al*., 2023; Nate *et al*., 2022; Rawal and Sarpong, 2024). Systemic conditions and framework conditions are the components of the EE. Systemic conditions are the centre of the ecosystem. They comprise networks of entrepreneurs, knowledge, leadership, talent, finance, and support services. The key elements of the EE are depicted in Figure 1.1.
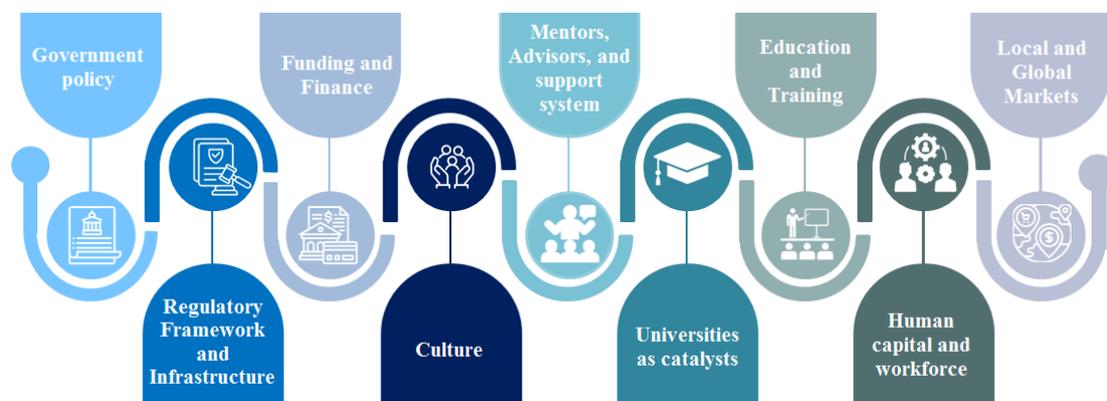
Source: Author

Figure 1.1: *Entrepreneurial Ecosystem*

Globally, the EE in India is the 3rd-largest and fastest-developing ecosystem. Over the past decade, the number of new companies formed has increased gradually, with an unprecedented ten thousand companies being generated in 2015 alone. The funding picture also looks upbeat, with Indian SUs increasing above US$10 billion in 2015. Over time, the Indian outfits of these MNEs and the domestic organizations have gradually improved their abilities to innovate for the global market. Among

fifty-one countries, India is ranked 4th by GEM regarding the quality entrepreneurship ecosystem (Jha, 2018; Bajpai, 2023).

To understand the consequences and causes of prior failure experiences of entrepreneurs, the entrepreneurial re-entries' trajectory in evolving economies is vital. Subsequent to failure, potential re-entrepreneurs possess a competitive benefit from knowing how the EE and the market work. Thus, the entrepreneurial re-entry decision relies on market conditions, which are vital to recognizing opportunities in different or similar sectors (Guerrero and Espinoza-Benavides, 2021a). After the failure of a business in India, initiatives to promote entrepreneurship re-entry amongst entrepreneurs may benefit from a better understanding of individuals' EIs. Studying EIs is complicated and challenging for numerous reasons, particularly among entrepreneurs after BFs.

Entrepreneurship, whose definitions are still arbitrary, is a multidisciplinary concept. The rate of BF is increasing all over the world and across different sectors, although most studies have analyzed entrepreneurship's success. Several entrepreneurs are unwilling to talk about failure, which partly describes why such a problem is given little attention, particularly in developing countries. BF problems have been absent from most of the research in comparison with the attention paid to success. Also, only a few researchers have been interested in the problem of restarting after BF. Significant numbers of empirical studies have been conducted to analyze the problems and gaps of the Entrepreneur Ecosystem in India, study the restart process after BF, and examine some forms or elements of re-entry intention.

Moreover, only a few study describes the factors associated with individuals, institutions, and firms, which affect the re-entry intention of entrepreneurs in the Indian context. In addition, it is essential to study the role and impacts of these factors in influencing the entrepreneurs' re-entry into businesses in India. Hence, empirically investigating the effect of diverse factors associated with individual, firm, and market environment on Indian entrepreneurs' re-entry intentions and their intended re-entry options for evaluating the mediating impact of re-entry intention is the aim of the research.

1.2 Research Problem

The notion of EE is developed in entrepreneurship for demonstrating the systemic perspective of entrepreneurship that articulates the regional, urban, and social environment surrounding as well as impacting the ambitious entrepreneurship procedure (Thai *et al*., 2023). Regardless of the significance of EEs that have evolved as an important concept in the past 2 decades (Stam, 2015), there is a notable lack of comprehensive methodologies for efficiently assessing these ecosystems. The EE is a relatively new concept that has evolved within the past 20 years. History and past experiences of the entrepreneur shape the newly established ventures. Nevertheless, the understanding of how the "past" of the entrepreneur, as well as its impacts on subsequent venture formation and success, remains limited and yet to be addressed systematically (Joseph *et al*., 2021).

Regardless of a tremendous amount of EE study, concerns are raised by the researchers, thus eventually turning into study gaps. Firstly, although there is a significant number of papers strengthening the EE's concept, which is recognized as

the systemic view of entrepreneurship, those studies are incoherent and haven't been aggregated, thereby leading to an inadequate typical conception of EE and evolutionary trends of the EE study. Secondly, a lack of an accepted and common approach to EE and its measurements in the literature has evolved as a crucial problem. A worldwide contract on the dominant EE approach hasn't been generated, even though researchers have developed a broad range of EE frameworks. Thirdly, in the EE literature, an extensive range of causes and impacts of EE is rendered. However, it isn't transparent about what causes what (Stam and Pigel, 2016), thereby leading to an inadequate, imprecise analytical approach that depicts the antecedents and results of the EE (Alvedalen and Boschma, 2017). Lastly, the outcomes of these studies haven't been merged with the rational study agenda for upcoming research in the area of EE, owing to the development of the empirical analyses of EE papers.

Cheering entrepreneurship is a complicated task in India. Failure consequences shouldn't be overestimated. Entrepreneurship must be taken as a longer-term decision, even in failure cases. This result in invaluable learning that can be fruitful in the future, feeding into entrepreneurial ambition. Particularly, entrepreneurs embrace the opportunity to learn from failure. The success of future ventures can be supported by the insights gained under certain circumstances, which are anticipated to achieve greater growth. The researcher believes that it is time for academicians to shift their concentration from purely theoretical aspects of entrepreneurship to more practical and applicable developments in the field, thus identifying its inherently strong practical orientation. Most of the literature concerns the factors that influence entrepreneurs to start a business. But, only limited studies concentrate on business re-entry after failure. Therefore, the influence of different

factors associated with individual, firm, and market environment on the Indian entrepreneurs' re-entry intentions is examined in this research.

1.3   Purpose of Research

Entrepreneurship is concerned with discovering, assessing, and developing profitable opportunities. In the process, individual engagement is a joint function of both individual as well as contextual factors. Also, evidence from recent studies depicts that diverse types of post-entrepreneurial failure re-entrants manage their re-entry processes and routes into entrepreneurship differently, thus affecting both the speed and quality of their new ventures. These differences can be described by the deeper and more important learning resulting from critical events like BF. Countries with pro-entrepreneurship policies identify failure as part of the entrepreneurial procedure and create indirect policies (i.e., venture capital financing) and direct policies (i.e., entrepreneur-friendly bankruptcy laws or tax benefits) that assign particular significance to the entrepreneurs' investment selection with previous founding experience.

Within the institutions' informal dimension, this study concentrates on the degree of collectivism/individualism in the national culture. Researchers support the idea that the creation of new firms is encouraged by individualism. But, a collectivist culture is grounded on harmony, cooperation, and concern for the well-being of the group. Researchers expect that in collectivistic cultures, entrepreneurs are more possibly to utilize their support network rendered by collectivist cultures, which is a critical factor in re-engagement into entrepreneurship for entrepreneurs who experience a recent BF.

BF is undoubtedly a critical event in the entrepreneur's life. Different definitions of BF are available. From a narrower perspective, failure can be defined as declaring bankruptcy. From a wider perspective, failure can be regarded as ceasing to participate in the business's ownership. This research considers the subsequent definition: "BF is the cessation of involvement in an enterprise since the minimum expectations of economic viability that the entrepreneur stipulated have not been met". Therefore, this research intends to investigate the entrepreneur re-entry process. Specifically, the factors influencing the duration of novice entrepreneurs re-entering entrepreneurship after failure are analyzed in this study.

1.4   Significance of the Study

This study will be of immense significance in the field of business because it can enlighten them about the experiences of this specific population and assist them in devising better coping strategies. By introducing the notion of an entrepreneurship ecosystem, knowledge concerning BF may be disseminated among (A) public agencies, (B) intermediaries, (C) investors, (D) universities, (E) entrepreneurs, and (F) other firms. This sort of dissemination allows an enhanced understanding as well as legitimization of BF. Hence, implementing mechanisms for reducing costs and maximizing advantages upon re-entry into entrepreneurship is useful. Similarly, the results may have an efficient scope on public policy to stimulate resilience and develop a favourable EE for serial entrepreneurs.

Moreover, the importance evolves from the research for entrepreneurs and policymakers. Firstly, the formal factors/components of EEs should support reducing the costs of BF via public-private initiatives by following the costs of BF and the

learning perspective of re-entrepreneurs. Secondly, from the entrepreneurship's perspective in adverse conditions, business angel networks and social media are very helpful in adverse contexts, namely crises, pandemics, or natural disasters. Thirdly, both social-led and market-led networks are more essential in developing settings (e.g., evolving Asia nations and American countries), whereas the positive impact of the ecosystem's formal conditions is more prevalent in developed economies.

Research Questions

Main question:

✓ How do individual, institutional, and ecosystem factors influence entrepreneurial re-entry decisions in India following business failure?

Sub questions:

❖ How do individual-level factors (e.g., fear of failure, resilience, prior experience) shape re-entry intentions among Indian entrepreneurs?

❖ How do institutional and policy-related factors (e.g., credit access, formal support mechanisms) affect entrepreneurial re-entry?

❖ How does collectivist cultural orientation influence post-failure re-entry decisions?

❖ What ecosystem gaps and enablers shape re-entry dynamics in India?

1.5 Research Objectives

❖ To analyze how individual psychological and experiential factors influence entrepreneurial reentry intentions in India.

❖ To investigate how institutional and policy factors facilitate or hinder entrepreneurial re-entry post-failure.

❖ To examine the role of cultural collectivism in shaping re-entry decisions.

❖ It will also explore economic and ecosystem-level indicators associated with entrepreneurial re-entry in India.

❖ To identify the key barriers and enablers in India's entrepreneurial ecosystem related to second-chance entrepreneurship.

1.6   Structure of Research

Into different categories, the current study is divided. Initially, the small introduction, research problem of the study, research purpose, significance, and the study objective are explained to offer the readers with a short-term idea about the study paper. In literature review (2nd part), the many sources related are explored to attain more details related with the previously conducted studies. Further in the methodology (3rd part), the data collection methodologies, the method utilized, and their significance are examined by using the correct method suited. Next, the 4th part (analysis) explores on the information collected by the author with the related findings

The 5th part is the discussion, which involves a detailed discussion centered on the investigation and key findings elaborated in the prior part.

Finally, the last part is the conclusion, in which the author summarizes the dissertation paper and draws a conclusion

CHAPTER II

REVIEW OF LITERATURE

2.1   Theoretical Framework

Via more theoretical concepts, re-entry decision after entrepreneurial failure has been investigated

Theory of Planned Behavior (TPB):

Entrepreneurial intention is formed by attitudes subjective norms, and perceived behavioral control and it is shown from the study of TPB (Ajzen, 1991). TPB alone does not fully explain why intentions often do not lead to action and it is shown in the study (Lihua, 2022), To better explore deeply into the return back intentions are shown from the extensions of TPB incorporate resilience and social support (Al-Alawi *et al*., 2025).

Institutional Theory: The importance of formal (e.g., credit laws) and informal (e.g., norms) institutions and is shown in the North (1990). Re-entry is often supported more by informal networks than formal systems in emerging economies, underscoring the importance of contextual institutional dynamics and was noticed by Sautet (2020) and Espinoza-Benavides *et al*. (2021).

Resilience Theory: Resourcefulness and optimism was connected to successful re-entry in the study of Manzano-García and Calvo (2013). over-persistence may become counterproductive

Learning Theory: Unsuccessful people is utilized as chance for reflection and adaptation and is shown in the Kolb's experiential learning model (2014) frames Learning orientation enhances the quality of re-entry (Lattacher and Wdowiak, 2020).

Fear of Failure (FoF): FoF, a key psychological construct, can deter or motivate re-entry. While often a barrier (Cope, 2011), in supportive ecosystems it can stimulate caution and planning (Cacciotti *et al*., 2016). Its influence depends heavily on institutional and cultural settings.

2.2   Psychological Antecedents of Entrepreneurial Re-Entry

3 major psychological constructs influence entrepreneurial re-entry: resilience, learning orientation, and fear of failure (FoF).

A person's capacity to adjust and bounce back from hardship is reflected in their resilience. It has been connected to problem-solving, optimism, and entrepreneurial perseverance. According to Manzano-García and Calvo (2013), re-entry success is predicted by qualities like resourcefulness and hardiness. Al-Alawi et al. (2025) also showed how social support can increase re-engagement intentions by fortifying resilience. Hartmann et al. (2022), however, warn that too much resilience can result in rigid tactics and recurrent mistakes, highlighting the necessity of self-awareness and contextual adaptation.

Orientation towards learning describes how an entrepreneur is open to feedback and reflects on failure in a constructive way. According to Lattacher and Wdowiak (2020), experiential learning leads to increased preparedness for the next venture. Long-term learning behaviors, according to Rawal et al. (2023), enable the

identification of opportunities after failure. However, overconfidence and cognitive biases may interfere with reflective learning. In this regard, cognitive resources such as mindfulness and knowledge transfer are crucial for successful re-entry.

FoF is a major psychological barrier. High levels of FoF decrease re-entry intentions, especially in contexts with weak safety nets. This effect, however, does not hold universally, as social acceptance of failure in collectivist cultures can weaken FoF: Wennberg et al. (2013) and Henriquez-Daza et al. (2024) have mentioned that institutional collectivism decreases the negative impact of FoF. Cultural and social contexts thus form a very important background against which such factors operate. Resilience and learning orientation are, therefore, two major psychological enablers of entrepreneurial re-entry, while FoF is one critical barrier. All three, however, depend not simply on individual traits but also on the social, cultural, and institutional surroundings.

2.3   Institutional and Policy Factors

The institutional environment of finance, policy, and ecosystem infrastructure strongly shapes entrepreneurial re-entry. Access to finance remains very critical. Formal credit to MSMEs in India is minimal, with a persistent funding gap in the hundreds of billions of dollars (Ray et al., 2024). The restricted access to credit heightens perceived risks and reinforces fear of failure, thus discouraging second-time ventures from taking place (Al Halbusi et al., 2024). In that condition, entrepreneurs would use informal financing, which constrains growth and confidence. Ecosystem initiatives like Startup India (SU India) support training, mentoring, and outreach with a particular focus on Tier 2 and Tier 3 cities; however, their delivery of much-needed finance and commitment to inclusivity are far from uniform (Tiwari et al., 2021). In the words of Kapturkiewicz (2022), an enabling policy environment involves the complementarities of instruments, finance, incubation, and regulatory ease; any single weakness, especially in credit, lowers the overall enabling level for re-entry.

Regional disparities in this respect also shape outcomes: whereas cities like Bangalore and Mumbai offer dense networks and financial opportunities, weaker ecosystems in non-metro areas push entrepreneurs to depend on personal connections. This is according to Espinoza Benavides et al. (2021a). Such uneven distribution of support increases barriers for entrepreneurs beyond the major hubs. While there has been an expansion of formal support systems, many gaps remain in the realms of accessibility and effectiveness. Many of these programs focus on first-time founders, failing to recognize any who have experienced failure. Costa et al. (2023) note that

cultural acceptance of failure, mentorship relevant to that failure, and specific support given to re-starters are equally important as reducing formal barriers.

2.4   Cultural Influences on Entrepreneurship

Cultural norms strongly shape entrepreneurial behaviour, particularly in re-entry after failure. On the one hand, collectivism fosters social capital—failed entrepreneurs often access emotional, financial, and strategic support from family networks (Tukur and Adam, 2017).

On the other hand, collectivist societies may amplify the stigma of failure. In those economies, public scrutiny, loss of family honour, and reputational damage enhance the fear of failure. Wennberg et al. (2013) noted that while collectivist values foster a supportive environment, they also facilitate higher levels of FoF through the consequences of social expectations. However, the same values may diffuse personal blame and extend chances to redeem themselves in the community. Henriquez-Daza et al. (2024) addressed the fact that the collectivism dimension curbs the negative effect of FoF on entrepreneurial aspirations, especially for developing economies. Cultural dimensions such as tolerance for uncertainty and respect for authority also impact re-entry. Indian entrepreneurs reflect a high level of necessity-driven entrepreneurship but are burdened with traditional constraints, particularly for women. Socrates and BV (2020) commented that failed women entrepreneurs in India are confronted with greater stigma because of patriarchal norms. Few studies have dug deep into the cultural attributes of Indian society, including caste, joint family systems, and regional values, which suggest these features are likely to affect who attempts re-entry. In a nutshell, culture in India plays a dual role: enabling support

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while embedding stigma. Nevertheless, little empirical work has systematically investigated how these cultural factors influence entrepreneurial recovery pathways.

2.5 Global Empirical Studies on Failure and Re-Entry

Entrepreneurial failure is common and is noted from the empirical studies. Hwang and Choi (2021) noticed that the unsuccessful entrepreneurs mostly comeback with optimized performance in the location of Korea. Similarly, Shepherd *et al.* (2016) reported that about 37% of failed entrepreneurs globally attempt re-entry, despite the emotional toll equated to grief. Pathak and Muralidharan (2025), using GEM data from 29 countries, identified societal well-being and self-control as key drivers of re-entry.

Espinoza-Benavides et al. (2021a) reported that in 54 countries, policies from formal institutions rarely addressed failed entrepreneurs, but these gaps are compensated for by informal support networks such as social media and peer encouragement. Hence, this reiterates the micro-macro interface in institutional theory. However, cultural variation exists. Damaraju et al. (2023) have shown that failure stigma suppresses re-entry more in high power-distance and masculine cultures. Other researchers have focused on what, and how, entrepreneurs learn from failure. Cope (2011) provided an early multi-phase learning model moving through emotional descent to reflective growth. Subsequent studies have developed our understanding of learning from emotional response (e.g., Byrne and Shepherd, 2015; Heinze, 2013), relationships (e.g., Amankwah-Amoah and Hinson, 2019), and strategy imprinting. However, as Omorede, 2021 reminds us, the research on post-failure learning remains partial, particularly in respect to initial experiences and the

application of lessons learned. The next section summarizes some re-entry learning outcomes identified from across these international studies in Table 2.1.

Table 2.1: Summary of Global Empirical Studies on Entrepreneurial Failure and Re-entry

Study / Author(s)	Geographic Focus	Key Findings	Implications for Re-entry
Hwang and Choi (2021)	South Korea	Entrepreneurial failure is prevalent; serial entrepreneurs often succeed in subsequent ventures	Prior experience and resilience enhance chances of successful re-entry
Shepherd *et al*. (2016)	USA	Failure triggers emotional responses comparable to grief	Psychological recovery is essential before attempting re-entry
Pathak and Muralidharan (2025)	29 countries (GEM data)	Societal well-being and collective self-control positively influence re-entry	Social optimism and disciplined environments foster restart intent
Espinoza-Benavides *et al*. (2021)	54 economies	Informal support (e.g., peers, social media) drives re-entry; formal policies often neglect failed founders	Informal networks can offset weak institutional support systems
Damaraju *et al*. (2023)	Cross-cultural	Stigma from failure varies by cultural dimensions such as individualism and power	Cultural framing is crucial in designing failure recovery

		distance	programs
Cope (2011); Byrne and Shepherd (2015)	UK, USA	Failure involves a multi-stage process: descent, emotion, reflection, learning, re-emergence	Structured reflection enhances learning and supports effective re-entry
Heinze (2013); Amankwah-Amoah and Hinson (2019)	Various	Social networks and past failure experiences inform future entrepreneurial behavior	Human and social capital gained from failure improves subsequent ventures
Omorede (2021)	Global (Review)	Learning-from-failure literature remains scattered and underdeveloped	Calls for integrated models linking failure experience to re-entry outcomes

2.6   Empirical Evidence from India and Comparative Studies

Only few studies explain deeply into the entrepreneurial comeback in the location of India via relevant information's that are already presented. Small enterprise owners are surveyed in the research of Socrates and BV (2020) and also indicated that personal sources, particularly good health and family business exposure affect both both exit intentions and willingness. The investigations of Startup India are explained in the research of Gundre and Kawadkar (2020). Networking and training programs supported entrepreneurs in smaller cities, hinting at their role in re-entry facilitation. This kind of studies indicated that India comeback is formed by combination of psychological factors. GEM data across 95 countries are employed in the research of Fuentelsaz *et al.* (2023). It also found that future growth aspirations got enhanced by financial failure particularly among entrepreneurs with higher education. In later schemes, failure mostly behaves as a learning trigger, increasing

ambition. Backgrounds like Ghana, weak safety nets lower the chances of re-entry in the research of Bird (2004). There is a absence of finance and institutional support and decreases restart intent and is shown in the research of Al Halbusi *et al*. (2024).

UK entrepreneurs who rebounded from bankruptcy employed "emotional and reflective coping" to transform failure into antifragility—turning setbacks into long-term growth and opportunity recognition and was shown in the research of Rawal *et al*. (2023)

Consensus and divergence are shown by the comparative analysis of studies. Most of the people accept that human capital, resilience, and learning orientation assist the comeback. Some significant studies show that collectivist cultures buffer fear's negative effect. Stronger institutional fallback choices are delivering by the emerging economies. Comeback in emerging backgrounds pivots high on informal assist. This kind of analysis raises that there is requirement for India-specific empirical research to know deeply into the individual factors and ecosystem maturity in entering entrepreneurship again.

2.7   Policy and Ecosystem Influences

The significances of not attaining success in business are strengthened by the policies like tax regimes, labour laws, and bankruptcy codes. Insolvency and Bankruptcy Code (IBC, 2016) helps to deliver time bound resolution kind of frameworks and start as new choices that helps to decrease failure stigma as well as foster re-entry in the location of India. Digital GST, streamlined licensing, and

compliance easing are some of the balancing improvements that helped to collectively increase the strength for entrepreneur confidence post-failure

Ecosystem support mechanisms like incubators, accelerators, and funding schemes—play a serious role beyond the concept of regulation. Strategic resources for entrepreneurs seeking to start again are delivered by the initiatives such as Fund of Funds for Startups (FFS), MUDRA loans, and Startup India's mentoring platforms. South Korea's second-chance programs are motivated the accelerators even run "recovery batches,". Subjective indication suggests these efforts explore the counseling, mentorship, and small grants. The ecosystem assets like university research and angel networks increasing re-entrepreneurship emphasized in the Wurth *et al*. (2022). There is an enhancement in the informal support via co-working spaces and local investor networks in the cities like Bangalore, Mumbai, and Delhi of India locations.

Most countries arrange "high-growth entrepreneurship," frequently abandoning failed founders in the Espinoza-Benavides *et al.* (2021). Targeted schemes like RESTART are started again in the location of Indian states like Telangana, which delivers financial aid to failed ventures, though empirical impact remains understudied.

In recovery kind of mechanisms, India's concepts like Startup India Bridge (with Israel) and participation in G20's Global Partnership for Financial Inclusion—enables outline to best practices. Support of personal coping, social networks, and institutional for facilitating entrepreneurial re-emergence are explored in figure 2.1
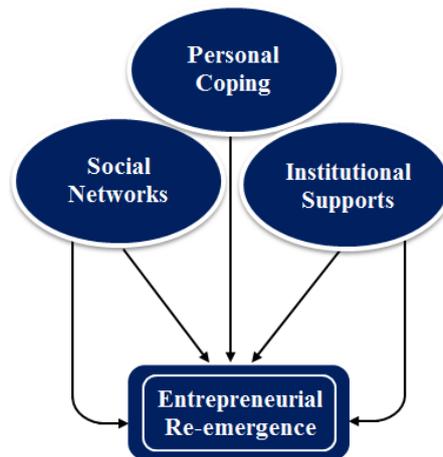
Source: Author

Figure 2.1: Conceptual Framework: Factors Influencing Entrepreneurial Re-emergence

2.8   Gaps in the Literature

Significant gaps are presented even though the research is conducted on entrepreneurial failure and recovery. Resilience is only less investigated and it is conveyed by the Hartmann *et al.* (2022). However, there was a lack of theoretical cohesion. The other author Costa *et al*. (2023) conveyed that the comeback of the "black box" are not explored deeply with existing research studies. This will helps to identifying the generic factors like fear or learning but failing to explain the specific psychological or contextual aspects. Still, there is an absence of combined models that restrict the cultural influences, and institutional conditions.

The analyses regarding the Indian background are less explored. The outcomes attained in the discussed research studies are from Western or non-Indian emerging markets. This delivered only restricted information with regards to caste dynamics, regional disparities, or gender-based influences in India. Few more studies

have rarely investigated the specific national programs like *Startup India,* but the few attention is provided to social kind of identity which will help to form the entrepreneurial decisions in Indian background.

When analyzing based on the method, the cross sectional kind of surveys as well as qualitative based studies are included in. However, locating entrepreneurs from unsuccessful people through comeback is found to be difficult and this is notable from the longitudinal studies. Further, comparability analysis with different studies is restricted with regards to important aspects like "fear of failure" and "resilience". Wennberg *et al.* (2013) suggested that the multiple kind of analysis is essential form to explore so that individual, firm-level, and institutional factors can be investigated, but this kind of analysis is very infrequent in the analysis but is the essential one.

Overall, the existing research studies explored needed informations particularly regarding the learning and resilience. Still, there is a requirement for conducting the empirical studies. By conducting the empirical studies, psychological, social, and institutional dimensions are connected particularly in developing economies in location like India. This is done to confirm the effective policy interventions for assisting entrepreneurial re-entry.

CHAPTER III

METHODOLOGY

3.1   Introduction

The methodological framework used for analyzing the importance of entrepreneurial comeback within the Indian background is explored in this chapter. Also, the chapter explained assistance of adaptive ecosystems for individuals coming back to entrepreneurship after experiencing failure. For the analysis, a quantitative approach is used and the data used were from globally recognized databases. In the rationale, large-scale trends, institutional features, and cross-country comparisons to interpret the facilitators and inhibitors of re-entry intentions are investigated. Further, research design, data collection method, variable operationalization, sampling frame, model specification, and ethical considerations are investigated.

3.2   Research Questions and Hypotheses

This study explores the conditions that shape whether or not those who have previously experienced BF will again engage in entrepreneurship. It focuses on how individual experience and the wider environmental factors of national policies, cultural values, and economic circumstances interact in shaping this outcome. What guides this research are the following questions:

• Do national policies and formal institutional supports increase the likelihood that individuals will re-enter entrepreneurship after a BF?

• Does the level of collectivism in a country's culture affect whether individuals return to entrepreneurship?

• Are economic indicators, such as national income and growth, related to re-entry behavior?

• Does prior experience of failure make an individual more or less likely to attempt to begin a new business?

Four main hypotheses proposed to answer those questions are given below:

- **H1:** Individuals living in countries with stronger policy support for entrepreneurship are more likely to report an intention to re-enter after failure.

- **H2:** Higher levels of collectivism at the national level are linked to higher re-entry intention among individuals.

- **H3:** Countries with higher Gross Domestic Product (GDP) per capita and stronger recent growth show a higher rate of entrepreneurial re-entry.

- **H4:** Individuals who have failed in a previous venture are more likely to try again compared to those who have never attempted entrepreneurship.

These hypotheses will be tested by utilizing statistical models that can account for differences across countries and individuals simultaneously. The Conceptual Framework for Entrepreneurial Re-entry Modelling is described in Figure 3.1.
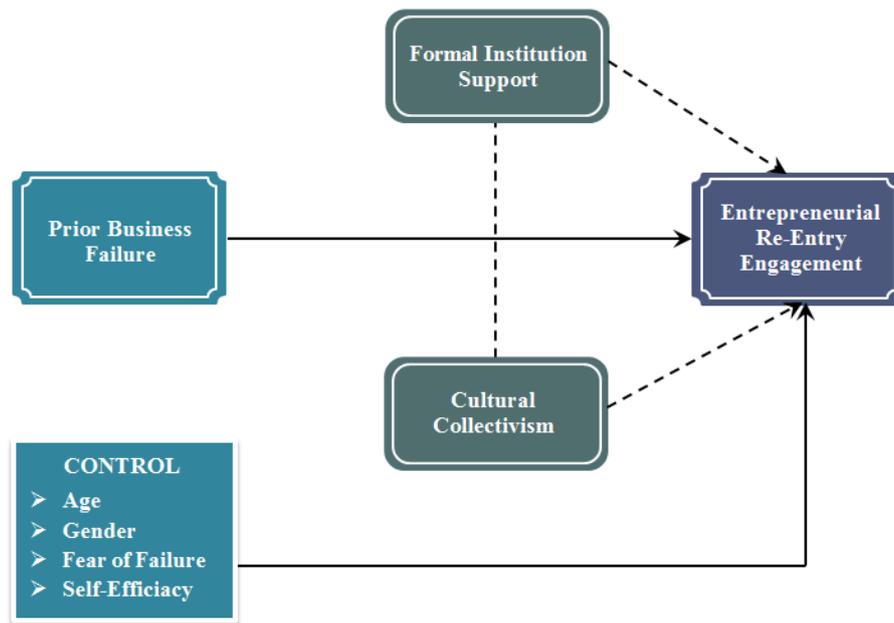
Source: Author

Figure 3.1: Conceptual Framework for Entrepreneurial Re-entry Modelling

3.3   Research Design and Approach

The current study is focused on analyzing the factors that influence entrepreneurial re-entry in India in a cross-country perspective through the quantitative method, which relies on secondary data sources. Quantitative methods are appropriate in this study because it involves large-scale data to test statistically hypothesized relationships. The major issues being examined in this study are the measure of entrepreneurial behavior and intent through numeric indicators and the investigation of their associations with the cultural and institutional variables across numerous observations. The use of an existing secondary dataset provides generalizable findings on representative samples with validated measures, allowing a multi-level analytical framework including individual- and country-level information.

In line with the complex, context-dependent nature of entrepreneurial re-entry, a multi-level quantitative design is chosen here, which can convey the interlink between individual experiences, such as BF, with environmental conditions in the shape of cultural norms and formal institutional support. Accordingly, the study employs a cross-sectional, correlational design to increase sample size and variability in the context variables; several years' data were pooled together from 2016 to 2024.

This is a non-experimental but explanatory design that intends to infer patterns and associations consistent with theory. The rationale for depending on secondary data is threefold: (1) the phenomena of interest-entrepreneurs' re-entry intentions and behaviors-happen at a broad scale and are well-captured by global survey efforts; (2) gathering equivalent primary data across multiple years and countries can be infeasible within this project's scope; and (3) the existing datasets at hand-which are GEM, GLOBE, and World Bank-render reliable, widely-used measures enabling comparison and locating the Indian context relative to other economies. Using secondary quantitative data allows the research to robustly test the proposed relationships at appropriate statistical power, control for various factors, and enhance the validity of conclusions drawn about the adaptive EE for re-entry. Thus, the overall design is a hypothesis-driven quantitative analysis, combining survey and archival data and placing emphasis on multi-level modelling to account for nested data structures. It aligns with previous studies on entrepreneurship re-entry, such as those which have successfully used large multi-country datasets and multi-level methodologies. This approach will enable the dissertation to tease apart not only the individual-level effects but also how higher-level cultural and institutional contexts

influence the likelihood of entrepreneurs reentering after failure. The Overall Research Design and Methodological Framework are shown in Figure 3.2.
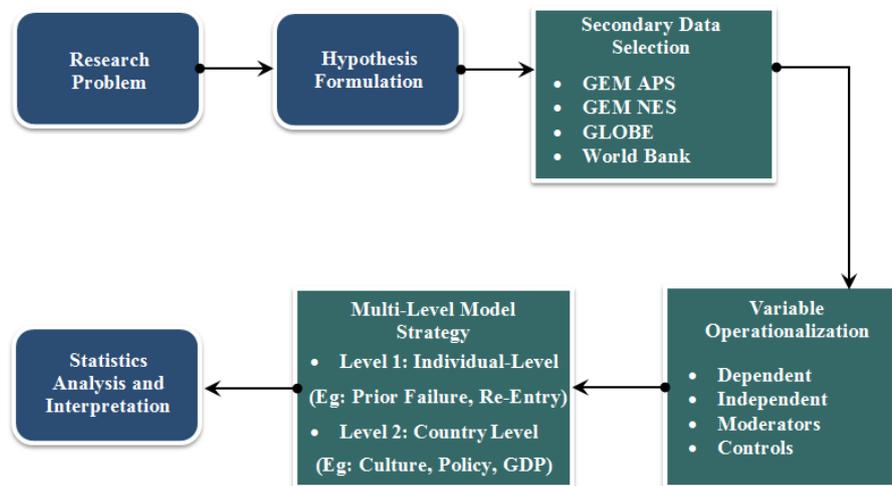
Source: Author

Figure 3.2: Overall Research Design and Methodological Framework

3.4   Data Sources

In the study, multiple secondary data sources covering 2016 to 2024 are utilized to investigate entrepreneurial re-entry. The primary source for individual-level data is the GEM Adult Population Survey (APS). The GEM APS is a yearly survey administered to a representative sample of a minimum of two thousand adults (ages 18-64) in each participating country (GEM, 2025). It captures comprehensive information on individuals' entrepreneurial attitudes, activities, and intentions. The micro-level observations required for this research, including whether respondents have started or intend to start businesses and have experienced BF, are provided by the APS data. The APS data are comparable and generalizable since GEM uses consistent sampling methods across countries (random selection of the adult

population within each country) (Uriarte *et al*., 2023). This study compiles APS microdata for all available years from 2016 through 2024, where India participated, and data from other countries during the same period to render a robust comparative context. The stability of measurements and the diversity of represented contexts are increased by pooling several years of cross-sectional APS data. APS of each year is cross-sectional; nevertheless, the analysis can approximate a pooled cross-sectional design that captures variance over time without tracking the same individuals longitudinally by concatenating multiple years and treating the year as an additional control factor. The target sample from the APS encompasses adult individuals across various countries, namely India, for which relevant variables, such as entrepreneurial status and failure experience, are non-missing. Since not every country participates in GEM every year, the dataset includes each country each year, where data are available between 2016 and 2024, ensuring broad coverage of both developed and developing economies to situate India's ecosystem in context. Once merging and cleaning (detailed below) are finished, the final sample is anticipated to include several hundred thousand individual observations across dozens of countries (for example, a comparable multiyear GEM sample covering 2013–2018 yielded ~485,000 individuals across 49 countries). Within this sample, India's respondents form a key subset for focused analysis of the Indian ecosystem. Still, to robustly estimate country-level effects, the multilevel modelling leverages the full multi-country sample.

Along with APS, the study draws on the GEM National Expert Survey (NES) for country-level data on formal institutional conditions. An annual survey of experts (typically a minimum of 36 per country) who assess their country's entrepreneurial

framework conditions, such as finance, education, government policy, regulatory support, RandD transfer, infrastructure, and social/cultural norms, is referred to as GEM NES. Experts rate several statements about the climate for entrepreneurship on Likert scales, which are further aggregated into index scores for each country. These NES indices render a nuanced picture of the formal institutional environment faced by the entrepreneurs. In this research, the NES data are used to measure the country-level formal regulatory and support environment for entrepreneurship. Especially, an index capturing government policies and programs supportive of entrepreneurship is utilized. This index (drawn from the NES) reflects how public policies regard entrepreneurship as a significant economic issue, whether taxes and regulations are conducive to new and small firms, and the presence of government programs that help entrepreneurial ventures. It is reported on a continuous scale (typically 1 to 5) in which higher values specify more favourable, supportive conditions, as observed by national experts. By extracting this data for each country year in the 2016–2024 range, a measure of the formal institutional context that may influence entrepreneurs' decisions to re-enter after a failure is integrated into the study. The NES data are publicly available for researchers or accessible through the GEM consortium for the relevant years, and they are integrated with the APS individual data by matching on country and year.

The study uses cultural indicators from the GLOBE Project to capture informal institutional background, specifically cultural norms and societal attitudes. Based on extensive surveys of managers and professionals in each country, the GLOBE project provides country-level measures of cultural dimensions. To represent informal institutions, the GLOBE study's cultural metrics are well-established and

widely applied in entrepreneurship research. Notably, both cultural "values" (aspirational norms) and "practices" (as-is norms) are assessed across dimensions, such as Institutional Collectivism, Uncertainty Avoidance, Performance Orientation, and others, by GLOBE. This research concentrates on the Institutional Collectivism dimension of national culture as the key informal institutional variable. The extent to which organizational and societal practices inspire the collective distribution of resources and collective action, as opposed to individualism, is indicated by institutional collectivism. This dimension is selected since prior literature recommends that societies with diverse individualist vs. collectivist orientations may treat entrepreneurial failure differently; for instance, personal initiative, including second chances, may be highlighted by more individualistic cultures.

On the contrary, collectivist cultures may provide stronger group support (or conversely, social stigma) after failure. Including a cultural metric accounts for how entrepreneurial behaviour is potentially moderated by societal norms and values (an informal institutional factor). The GLOBE cultural scores are time-invariant (derived from a major survey around the early 2000s and updates in later phases). Still, the scores are applied to 2016–2024 as a reasonable approximation of each country's cultural environment since culture changes only gradually. In particular, each country in the sample (including India) is assigned its GLOBE Institutional Collectivism score (on a scale typically from 1 to 7), with higher values signifying a more collectivist orientation. From GLOBE's published data, these scores are obtained (House *et al*., 2004) and matched to the country of each respondent in the APS sample. Utilizing GLOBE data ensures that cross-national differences in re-entry intentions can be analyzed in light of cultural norms exogenous to the individual.

Lastly, to further contextualize the EE, macroeconomic and institutional data from the World Bank are incorporated. Publicly available World Bank databases, such as useful country-level controls and additional institutional measures, are provided by the World Development Indicators (WDI) and the (former) Doing Business reports. Key macroeconomic indicators from the WDI are extracted for each country-year, including GDP per capita (PPP) and annual GDP growth rate, as the economic environment influencing entrepreneurial opportunities is reflected by them. For example, the general level of economic development and prosperity is indicated by the GDP per capita (in constant international dollars), while the economy's dynamism is indicated by the GDP growth. Both can correlate with EA rates and are, hence, significant to control for. These are lagged by one year in the analysis (i.e., using the previous year's value for each observation) to diminish endogeneity and ensure that the measured entrepreneurial outcome is preceded by the macro environment.

Moreover, in the study, institutional indices from the World Bank that relate to entrepreneurship are considered. The "Resolving Insolvency" index from the World Bank's Doing Business dataset (available through 2019; alternate sources may cover later data since Doing Business is discontinued) is one particularly relevant measure. The efficiency of bankruptcy and insolvency processes, including the time, cost, and outcome of closing a business, and the strength of the legal framework for liquidation and reorganization, is measured by the index. A more efficient, entrepreneur-friendly insolvency regime may lower the barriers to exit and re-entry, which potentially encourages failed entrepreneurs to try again. If available, then the Resolving Insolvency score (on a scale of 0–100) for each country and year is included as an

additional formal institutional indicator or control. To ensure robustness, other World Bank governance indicators (like Regulatory Quality or Ease of Starting a Business) may also be considered. Still, the primary concentration remains on the indicators closely tied to entrepreneurial re-entry. All World Bank-sourced variables are publicly accessible and are combined with the dataset by country.

3.5   Population and Sample

Individual-level records nested within countries and years are integrated by the assembled dataset. The population of interest at the individual level is adults in the 18–64 age range who are either currently engaged in EA or part of the general working-age population that can potentially engage. The GEM APS utilizes stratified random sampling of this population in each country, yielding a representative sample of age, gender, and region for each country and year. As the research question centres on entrepreneurial re-entry, special attention is given to recognizing individuals in the sample with prior entrepreneurial experience, especially those who have experienced a BF. Respondents from the APS data are classified according to their entrepreneurial background: those who have never owned or managed a business (novice individuals), current entrepreneurs (either nascent or established), and those who have exited a business. The individuals who have recently exited a business due to failure are the key subgroup for this study. In the GEM survey, respondents who discontinued a business in the past year were further asked about their main reason for quitting the business. By using this, failed entrepreneurs are identified as those whose business exit in the last 12 months is involuntary, for example, owing to the business not being profitable, financial problems, or other failure-related reasons (as opposed

to voluntary exits like selling the business, planned retirement, or personal choice). According to prior research, exits coded as "business was not profitable," "problems obtaining finance," "an incident," or "other" (when not a planned exit) are treated as BFs. On the other hand, exits owing to opportunity, planning, or personal reasons are voluntary, and such individuals are not categorized as failed entrepreneurs.

In the final analytic sample, two broad categories of individuals, namely (a) entrepreneurs who have experienced a recent failure (the focal group for re-entry) and (b) individuals without prior entrepreneurial experience (the comparison group), are included. To create a cleaner contrast highlighting re-entry from failure versus entry by novices, entrepreneurs who have ongoing businesses or exited for voluntary reasons may be excluded or separately controlled. This method follows similar studies that contrast post-failure entrepreneurs with those who have no entrepreneurial background. In particular, this excludes respondents recently run an established business (to evade conflating re-entry with continuous entrepreneurship) and those who had a voluntary exit, concentrating the examination on those who either failed recently or have never started a business. By doing so, the outcome of interest, engaging in a new venture, can be more directly attributed to re-entry after failure versus first-time entry. The time window of one year for recent failure is utilized for ensuring that the experience is fresh and any re-entry intentions are measured soon after the failure, decreasing recall bias and permitting the institutional background to be aligned in time with both failure and intention. In the sample, each individual is characterized by a binary indicator of whether they have a recent failure experience (1 = yes, failed in the last 12 months; 0 = no, no failure in the last 12 months, which includes absolute novices and possibly others after filtering). It is significant to

observe that some individuals from different years may be combined because the data are pooled over 2016–2024. Nevertheless, each respondent appears only once in the dataset. For analysis purposes, the sample is cross-sectional, with "country" as the second-level multilevel modelling unit. The number of countries represented in the final sample depends on the intersection of GEM APS, NES, GLOBE, and World Bank data availability. The sample's multi-country nature is supported to correctly evaluate the country level impacts. Still, comparisons and interpretations pertinent to India are drawn out, given the thesis's focus on the Indian EE.

3.6   Instrumentation

The current study relies on secondary data obtained from the GEM APS, NES, GLOBE cultural dataset, and World Bank Indicators. The main dependent variable is entrepreneurial re-entry engagement or intention, which is coded as a binary indicator for whether an individual is actively involved in starting or managing a new business after experiencing a prior failure. The main independent variable, prior BF, is binary and indicates whether the respondent exited a business in the last 12 months due to involuntary reasons such as financial loss or external constraints. Two moderating variables are formal institutional support index from NES, reflecting national policy and regulatory favorability toward entrepreneurship at the country level, and cultural collectivism from the GLOBE study, indicating societal norms of group orientation and shared responsibility at the country level. For individual-level controls, the variables considered are age, age squared, gender, self-efficacy, and FoF derived from the responses in APS. On the macro level, the variables are unemployment rate, GDP growth, GDP per capita, and ease of doing business based on World Bank data. All

variables are coded by following established multilevel modelling procedures, with binary variables coded as 0/1 and continuous variables centered where necessary to enable accurate estimation and interpretation of interaction effects.

3.7 Operationalization of Key Variables

3.7.1 Dependent Variable

Entrepreneurial Re-entry Engagement/Intention: The main outcome of interest is whether an individual is engaged in entrepreneurial re-entry after a BF. This is operationalized as a binary variable that indicates entrepreneurial engagement in a new venture (either current involvement or near-term intention to start a business). Entrepreneurial engagement in GEM APS data can be identified by several survey items that capture different stages of the entrepreneurial process. Following the approach of prior research, in this study, engagement is broadly defined to include individuals who are in any of the early stages of entrepreneurship, from having concrete intentions to start a business to actively trying to start one to running a new business (typically a business less than 42 months). Practically, a respondent is coded as "1" on the dependent variable if they meet any of the following conditions: (a) they responded that they are currently trying to initiate a business (nascent entrepreneur), (b) they anticipate to initiate a business within the upcoming 3 years (strong entrepreneurial intention), or (c) they are already an owner-manager of a business (up to 3.5 years age), which can be seen as exploitation of an opportunity.

These selection criteria are in line with those applied in the literature when measuring entrepreneurial engagement or entry into entrepreneurship. In essence, a value of 1

indicates that the individual is involved in discovering, evaluating or exploiting an entrepreneurial opportunity, while 0 indicates that they are not involved in any entrepreneurial SU activity at the time of the survey. This definition is rather wide in scope in an attempt to capture comprehensively the concept of "re-entry" whether the person is already launching a new venture or at least seriously planning to do so. This definition also captures the perspective of seeing entrepreneurship as a process that includes the recognition, evaluation and exploitation of an opportunity. For respondents who have experienced a previous failure, a 1 on this variable can be seen as a re-entry into entrepreneurship after such failure. Contrariwise, it specifies an entrepreneurial entry for those without prior experience. Through comparing these groups, re-entry behaviour is effectively measured by the analysis. It should be noted that this measure is centered on self-reported activity and intentions from the APS, which is suitable given the focus on the intention/engagement stage of entrepreneurship rather than long-term outcomes.

3.7.2 Key Independent Variable

Prior Business Failure: At the individual level, the central explanatory variable is BF experience, operationalized as a dichotomous variable indicating whether the respondent has experienced a recent entrepreneurial failure. Using GEM APS data, an individual is coded "1" for failure experience if they reported having discontinued, shut down, or quit a business in the past year due to the business failing (i.e., not for a voluntary or positive reason). As stated earlier, the survey follow-up question on reasons for business exit is vital. Those who choose reasons, including inadequate profitability, financial problems, or an unexpected event, are categorized

as having a BF (involuntary exit). On the contrary, those who did not have any business in the past or whose business exit was voluntary (e.g., sale of business, better opportunity, and retirement) are coded "0" on this variable. This coding follows established definitions in entrepreneurship literature in which BF is distinguished from voluntary exit by necessity and negative outcomes (business underperformance forcing closure). Isolating involuntary failures is important because re-entry's psychological and practical implications are different when entrepreneurs fail versus when they exit on their terms (failures typically carry greater stigma, learning experiences, and potentially unmet ambitions). The comparison between "failed entrepreneurs" and "non-failed individuals" (including absolute novices and possibly some voluntarily exited or ongoing entrepreneurs, if any, remain in the sample after filtering) is effectively created by the binary failure variable. This individual-level variable in the multilevel analysis allows estimation of the baseline difference in re-entry engagement between those with and without a failure experience. A positive coefficient for this variable would specify that, on average, individuals who fail are more likely to try again (consistent with "failure learners" who are resilient). On the contrary, a deterrence effect of failure is suggested by a negative coefficient. Previous research has theorized both possibilities (enhanced learning vs. discouragement) for how subsequent entrepreneurial engagement is influenced by failure, and this study empirically analyzes which effect dominates in the conditions of India and comparable countries.

3.7.3 Moderating Variables

Formal and Informal Institutional Factors: Two key higher-level variables, formal and informal, are included as potential moderators of the relationship between prior failure and entrepreneurial re-entry. These work at the country level (Level 2 in the analysis) and are drawn from the NES and GLOBE data.

- **Formal Institutional Support (Government Policies and Programs Index):** As discussed, this variable is derived from the GEM NES. It is a continuous index that represents the favorability of government policies, regulations, and programs toward entrepreneurship in a given country. A more supportive formal ecosystem is indicated by the higher values; for example, experts perceive that entrepreneurship is prioritized in policy agendas, taxes/regulations are SU-friendly, and effective programs aid new and small businesses. The expectation is that entrepreneurs might be more encouraged to start again after a failure in environments with stronger formal support (e.g., better access to SU financing, simpler business registration, bankruptcy protection), as the institutional barriers or penalties for failing are lower. In contrast, due to high costs or lack of assistance, a prior failure might more strongly discourage re-entry in countries with weak support or onerous regulations. Therefore, to moderate the effect of failure on re-entry intentions, the Government Support index is posited. This is technically tested via an interaction term between the binary failure variable (Level 1) and this country-level index (Level 2) in the multilevel model. The variable is usually measured on a Likert scale aggregated score (approximately 1 to 5). Before

investigation, it may be a grand mean centered on enabling the interpretation of interactions (so that the failure effect at an average level of support is captured by the main effect). This index's choice and prior empirical usage are justified by both theories. It captures formal institutional quality pertinent to entrepreneurship. It has been utilized in similar studies that examine how EA post-failure is influenced by government programs/policies. By including this variable, the study incorporates Institutional Theory (North, 1990) into the framework, acknowledging that formal rules and support systems condition entrepreneurial behaviour.

- **Informal Institutional Norms (Cultural Collectivism):** The Institutional Collectivism score from the GLOBE cultural dataset measures the informal institutional context for each country. It reflects how much a society highlights collective action and resource sharing versus individual autonomy. This cultural dimension was chosen owing to its salience in entrepreneurship research, where individualistic vs. collectivist orientations have been linked to differing attitudes toward risk, failure, and independent initiative. A highly collectivist culture might render a stronger social safety net and group encouragement (or pressure) when someone fails and tries again, potentially diminishing the psychological burden of failure. Alternatively, culture can also discourage re-entry if failure is stigmatized socially (which can occur in both collectivist and individualist contexts, but for different reasons). According to existing evidence, culture is a significant aspect of re-entry into entrepreneurship, and informal institutions can be as influential as formal ones in entrepreneurial decisions. The Institutional Collectivism variable is

continuous (usually on a scale from 1 to 7 in GLOBE, with higher scores meaning more collectivist practices). In this study, the "as is" practice score is used rather than "should be" values on the rationale that actual cultural norms experienced by individuals are what likely affect their behaviour. Similar to a formal index, this cultural score is included as a Level-2 variable and interacts with the individual's failure status to test a moderation effect. To expect that this cultural context conditions the relation between having failed and deciding to re-engage in entrepreneurship. For example, the positive effect of failure (if any) on re-entry might be amplified in cultures encouraging risk-taking and second chances or dampened in cultures in which a strong stigma is carried by failure. By explicitly modelling this interaction, the analysis can reveal whether India's cultural context (which, according to GLOBE, leans toward collectivism in practice with an Institutional Collectivism score around the mid-high range) exacerbates or lessens the likelihood of re-entry after failure when contrasted with other cultural backgrounds.

3.7.4   Control Variables

To isolate the effects of the above key variables, some control variables at the individual and country levels are included. Demographic factors influencing entrepreneurship are controlled for at the individual level. These comprise age (and age squared, to account for non-linear life-cycle effects on entrepreneurship propensity), gender (a dummy variable for female = 0, male = 1, given documented gender gaps in entrepreneurship rates), and education level if available (e.g., highest education attained, as human capital can affect re-entry). In addition, perceptual

variables from GEM APS, namely self-efficacy (observed entrepreneurial abilities) and FoF, might be controlled since they could influence both the likelihood of re-entry and be associated with prior failure experience. For instance, individuals with higher self-confidence in their entrepreneurial skills may be more likely to try again after failing, and including such control aids in ensuring that the failure coefficient isn't simply picking up differences in self-efficacy. Likewise, FoF (usually measured by GEM as whether FoF prevents one from beginning a business) could be a significant covariate: those who failed might have lower fear subsequently or, conversely, higher fear, influencing re-entry intentions. If the data allows, then include a binary indicator for whether the individual knows an entrepreneur or has family in business, as prior exposure can affect entrepreneurial intentions. The respondent is currently employed (vs. unemployed) because re-entry might be influenced by necessity or opportunity context (a recently failed entrepreneur who is unemployed may be more driven to start a new venture out of necessity, for instance). From APS questionnaire items, these individual controls are drawn and have been typically utilized in GEM-centric studies.

Along with the discussed main moderators (formal support and collectivism), a set of control variables accounts for broader economic and institutional differences at the country level. As noted, to control for economic development and business cycle effects, log GDP per capita and GDP growth rate are included. A country with a higher GDP per capita might have more resources and opportunities for entrepreneurship (therefore, higher baseline entrepreneurship rates). On the contrary, GDP growth could signal a booming economy with more opportunities for re-entry. Another macro control that can be relevant is the unemployment rate. A higher

unemployment rate might push individuals into entrepreneurship (necessity-driven) or, conversely, reflect a weaker economy that could dissuade re-entry. Hence, controlling it is crucial to avoid confounding effects.

Also, if data permits, this includes measures of the ease of doing business (other than insolvency), including the World Bank's Starting a Business index or a summary ease-of-doing-business rank for each country-year (acknowledging that this was published through 2019). This would capture how generally friendly the business regulatory environment is. At the country level, education/human capital level (e.g., tertiary education enrollment or average years of schooling in the country) might also be controlled if the variation is significant, since a more educated society could correlate with entrepreneurship levels. Ensuring that the focal cross-level interactions (failure * formal support, failure * culture) are not spurious by controlling for these country factors is the aim of the analysis. All continuous control variables are likely to be standardized or centred appropriately to help model convergence and interpretation. Multicollinearity is checked among predictors (for instance, GDP per capita often relates to cultural indices or formal institutions indices). Also, to maintain a reliable regression model, any highly correlated covariates are addressed (integrating into indices or dropping one).

3.8   Data Processing and Preparation

Several steps are involved in the data preparation to confirm that the final dataset is clean, correctly merged, and appropriate for multilevel analysis. Initially, for each year (2016–2024), raw data from the GEM APS is obtained, either from the GEM Data Gateway or through direct request. Each year's APS data typically comes

as a country-level dataset. These are appended (stacked) into one combined individual-level file, adding a variable for the survey year. The country code and year are key identifiers, establishing a linking key to attach country-level variables. Similarly, for each year, the GEM NES data is gathered. For each entrepreneurial framework condition, the NES typically provides country-level scores per year, possibly in a separate dataset or reports. To extract the "government policies and programs" index from each year's NES, a country-year dataset is created for that variable. The GLOBE cultural data is time-invariant. The Institutional Collectivism score for each country (from the GLOBE study) is listed in a separate reference file. World Bank indicators (GDP, etc.) are available annually and are downloaded (for example, via the World Bank's online data portal or CSV files) for 2015–2024 so that 1-year lags can be constructed for 2016–2024 observations. By utilizing country and year codes, all datasets are integrated. In cases where a country appears in APS in a given year but NES data for that year is missing (or vice versa), how to handle it is considered. Likely, if key data (like the formal support index) is unavailable, then the country-year would be dropped. If a country's cultural score from GLOBE is missing (e.g., if a country in APS was not part of the original 62 GLOBE countries), then that country is excluded, or a proxy value is assigned if justified (though ideally, focus on countries with complete data).

After merging, the combined dataset is inspected for missing values. If respondents skip questions (for individual controls like age or FoF) or if some country-level data are not reported, then missing data can occur. Listwise deletion might be applied if missingness is minimal and random. Nevertheless, missing cases are few for certain controls like age or gender, which are usually almost fully

observed in APS. Country-level missing data might impute or carry forward certain values (for example, if GDP for a year is missing, then an average of adjacent years is used) or, more simply, drop that year for the country. Given the large sample size, the impact of a small amount of missing data is limited, but careful attention ensures that no systematic bias is introduced.

The binary failure indicator, the binary engagement outcome, and any computed interaction terms are defined to create the necessary new variables (though in practice, the multilevel software computes interactions via specifying cross-level effects, creates multiplied terms for exploratory analysis, or simpler two-level OLS testing). The coding of binary variables is standardized (0/1). Categorical variables like gender are dummy-coded (Female = 0, Male = 1, for instance). To capture non-linearity, age squared is generated. To make the intercept more interpretable and reduce multicollinearity in interactions, all continuous variables used in interaction (like the formal support index and collectivism score) may be centered (mean-deviation form). Here, grand-mean centering is appropriate as it understands interactions concerning deviations from the overall mean of those cultural/institutional scores.

Exploratory data analysis that computes summary statistics and distributions for all variables at the individual and country levels is performed before running the multilevel model. This comprises the mean and Standard Deviation (SD) of age, the proportion of males/females, the proportion of individuals engaging in entrepreneurship, the proportion with failures (except only a small percentage – e.g., in one similar study, about 2% had recent failure), etc. At the country level, each

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country's formal support index and cultural scores (or summary like mean, range across countries) are tabulated. Moreover, to detect multicollinearity issues, pairwise correlations should be examined. Some controls may be dropped or combined to find very high correlations (e.g., it could be that GDP per capita correlates with formal support index, or formal support index correlates with collectivism, and certain world regions have both high support and certain cultural traits). After an initial regression, Variance Inflation Factors (VIFs) are calculated to ensure that multicollinearity is within acceptable limits (typically VIF < 5 or 10). Earlier research using similar models found VIFs around 2–3 for most variables, with an inflated VIF only when including highly collinear terms like age and age^2 together, which is anticipated and not challenging for the model's integrity once understood. In case of any VIF issues, adjustments are made accordingly as noted (for instance, including only age but not age^2 if needed, though that sacrifices model fit).

Using appropriate statistical software capable of multilevel logistic regression (such as R's *lme4* package, STATA's *logit*, or Hierarchical Linear Modelling (HLM) software), the data is examined. To check robustness, some sensitivity analyses, for example, running a single-level logistic regression with clustered standard errors by country to see if results differ, or running the multilevel model without weights vs. with population weights (GEM provides weights to adjust for sampling design), may be conducted before finalizing the model. Because each country's sample is roughly representative and more interested in relationships than population estimates, the primary analysis probably does not use weights. Nevertheless, if some countries have disproportionately large samples, then weighting may be considered to evade them dominating the results.

Throughout the analysis process, the data usage complies with GEM's data usage agreement, and country identifiers are properly handled (for instance, if any anonymity is required for expert survey respondents, only use aggregate country scores). Interim results, such as descriptive statistics and null model Intraclass Correlation Coefficient (ICC), are documented because these render context for the magnitude of country effects and failure prevalence. These may comprise any necessary statistical tests, including checking the random intercept's significance (via Wald Z-test or likelihood ratio test) and the importance of adding a random slope (comparing deviance of model with random slope vs fixed slope for failure). If the random slope for failure is not substantial, then this might be simplified by removing it and just including fixed interactions. The theory still suggests that there is meaningful variance to explain, so the plan is for a random slope model.

3.9   Analytical Strategy: Multilevel Modeling

Given the nested structure of the data, individuals nested within countries (and years), the analysis employs multilevel modelling, specifically a hierarchical logistic regression model with random effects. This approach is referred to as HLM when generalized to non-linear outcomes. It is selected since it properly accounts for the lack of independence between observations from the same country and concurrently allows the modelling of individual and country-level effects. Despite sharing the same national context, Multilevel modelling evades the biases resulting from treating all individuals as independent. Particularly, ignoring the multi-level nature could underestimate standard errors and lead to Type I errors (false positives). Due to the common context, individuals within one country tend to be more alike. A random-

effects logistic regression is suitable for the binary outcome of entrepreneurial engagement (re-entry). This means that the engagement outcome's log-odds model is a function of predictors and allows for a random intercept by country (and potentially a random slope for the failure effect, as explained below). The basic two-level model can be explained as:

At Level 1 (individual level):

$$\log it(Y_{ij}) = \beta_{0j} + \beta_{1j}(failure_{ij}) + \beta_{2j}(X_{ij}) + r_{ij} \tag{3.1}$$

Where, the probability of entrepreneurial engagement for individual i in country j is indicated as Y_{ij}. Here, the intercept for country j is signified as β_{0j}, the coefficient for the individual's failure status is specified as β_{1j}, and the vector of other individual-level controls (age, gender, etc.) with coefficients β_{2j} is exemplified as X_{ij}. The individual-level residual (error) is denoted by the term r_{ij}.

At Level 2 (country level), the intercept and key slope are modeled as:

$$\beta_{0j} = \gamma_{00} + \gamma_{01}(W_j) + u_{0j} \tag{3.2}$$

$$\beta_{1j} = \gamma_{10} + \gamma_{11}(formal\,Support_j) + \gamma_{12}(Cultural\,Collectivism_j) + u_{1j} \tag{3.3}$$

Where, country-level control variables (like GDP, etc.) that affect the intercept (baseline engagement level) with γ_{01} coefficients are represented as W_j, and the grand intercept (overall log-odds of engagement) is notated as γ_{00}. The second equation specifies that the effect of prior failure (β_{1j}) is allowed to vary by country

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depending on the formal support and cultural collectivism scores. The average effect of failure on engagement across countries is illustrated as γ_{10}, whereas γ_{11} and γ_{12} capture how this effect changes per unit increase in the formal support index and collectivism score, respectively. In other words, γ_{11} and γ_{12} are the cross-level interaction coefficient between failure and formal institutions and between failure and culture, respectively. The random effects (between-country residuals) for the intercept and the failure slope are signified as u_{oj} and u_{1j}, respectively, assumed to be normally distributed. A substantial variance in u_{oj} specifies diverse baseline entrepreneurial engagement rates across countries (justifying the random intercept), and variance in u_{1j} would indicate that the impact of failure on re-entry also varies across countries, potentially described by moderators.

The modelling proceeds stepwise by following standard multilevel analysis procedures and recommendations. Primarily, an unconditional model (Model 0 or null model) with no predictors is estimated, except for the intercept, to assess how much variation in the outcome lies between countries. The ICC is provided by this null model, quantifying the proportion of total variance in entrepreneurial engagement attributable to country-level differences. It is affirmed that the necessity for multilevel modelling is substantial, and it is anticipated that it is centered on prior studies' findings, with ICC around 0.10–0.20 for entrepreneurship outcomes. Given known differences in entrepreneurial rates and re-entry across countries, a substantial country effect is expected.

Further, in Model 1, all individual-level predictors (failure status and control variables such as age, gender, etc.) and country-level control variables (economic indicators) are included, but the key moderators or interactions are not included. This exhibits the direct effect of failure on the log odds of engaging in entrepreneurship, controlling for other factors, and the impact of basic controls. Also, it signifies how much of the between-country variance is described simply by differences in composition (for instance, if some countries have older populations, etc.) or economic context.

Model 2 adds the main country-level predictors, the formal support index, and cultural collectivism as direct effects (fixed effects) on entrepreneurial engagement. This examines whether these contextual factors have a main (direct) impact on the likelihood of engagement for all individuals (for instance, whether overall, countries with superior entrepreneurial policies have higher engagement rates, regardless of failure status). For instance, a positive coefficient for formal support (meaning a supportive environment generally boosts entrepreneurship participation) and perhaps a positive or negative coefficient for collectivism rely on whether collectivist cultures have more or fewer entrepreneurs. Significantly, the effect of failure at this stage is still constrained to be the same across countries (aside from any baseline differences captured by γ_{10}), i.e., not yet introduced cross-level interactions in Model 2. Nevertheless, if there is a significant variation to explain, then the failure coefficient is permitted to be random (as β_{1j} with an unexplained random variance u_{1j}) to test. A likelihood ratio test or similar indicates that model fit is improved by allowing a

random slope for failure and that variance is significant. It comprises the cross-level interaction terms in the further step.

In Model 3, the interaction between failure status and the formal support index is introduced, and in Model 4, the interaction between failure and cultural collectivism is introduced (or potentially both interactions introduced together, depending on the hypothesis structure). These cross-level interaction terms $failure_{ij} \times formal \sup port_j$ and $failure_{ij} \times Collectivism_j$ address the research questions about moderation directly: does the effect of having failed on re-entry engagement rely on the country's institutional environment? A significant positive interaction with formal support, for example, would mean that the gap in engagement between failed entrepreneurs and others is higher in countries where policies/programs better support entrepreneurship, possibly indicating that those who failed are much more likely to try again in supportive contexts. A substantial negative interaction with Collectivism would mean that failed entrepreneurs are less (or more) likely to re-enter relative to others in more collectivist cultures, pointing to cultural dampening or encouragement effects. The coefficients γ_{11} and γ_{12} are analyzed for statistical significance and their magnitude concerning Odds Ratios (ORs) for ease of interpreting the practical effect. If needed, then all models are estimated with robust standard errors, and model comparison is carried out by utilizing deviance (–2 log likelihood) difference tests or information criteria (AIC, BIC) to see enhancement in fit at each step.

The model utilizes a logit link and assumes a Bernoulli distribution for the outcome since the dependent variable is binary. To confirm that the modelling

assumptions are met, it is checked that there are no extreme outliers or zero-cell issues for the categorical predictors and that the linearity assumption for continuous predictors in logit is not violated (can assess this by investigating if, say, age has a non-linear effect, which is already accommodated by age squared). The random effects (intercepts and slopes) are expected to be distributed normally, which is generally acceptable with a large number of groups (countries). Thus, the variance components and ICC from the null model and pseudo R-squared measures (where feasible) are reported to indicate variance explained at each level by including predictors.

3.10   Limitations

Although this study is based on large international datasets and a well-established methodology, it faces certain constraints. Since the analysis is based on secondary data, it entirely relies on how those surveys are originally designed and administered, limiting the capability of exploring certain variables in greater depth or controlling how concepts are measured. The data from GEM are cross-sectional. Although several years have been pooled to increase breadth, tracking the same individuals over time is not possible, thereby making it harder to comment on how re-entry intentions evolve after failure. Over the years, the cultural scores drawn from the GLOBE study remain fixed, which may not reflect gradual changes in national attitudes. To reduce potential bias, country-level indicators from the World Bank are added with a lag; however, this also mitigates real-time accuracy. Multilevel modeling aids in managing variations across countries, yet differences in local entrepreneurial environments or informal norms may still influence outcomes in ways

that are not captured. Eventually, the focus on individuals who have failed in business and are considering re-entry means that the results speak to a specific group and cannot be extensively applied to all types of entrepreneurs.

3.11   Summary

In this chapter, the methodological outline for examining entrepreneurial re-entry in India (in an international context) is detailed. The chapter explains the quantitative, multi-level research design and justifies the usage of secondary data sources. It signifies the data to be utilized. To construct the analysis sample, individual-level observations from GEM APS (2016–2024), coupled with country-level indicators from GEM NES, the GLOBE study, World Bank databases, and the sampling strategies, are employed.

These key variables are operationalized, including re-entry intention/engagement, prior failure experience, cultural norms, and formal institutional support, with careful attention paid to the measurement and coding. A multilevel logistic regression approach is outlined to test the influence of individual failure and its interaction with institutional contexts on entrepreneurial re-entry likelihood. Steps regarding data preparation, integration of diverse datasets, and planned statistical testing detail how raw data gets transmuted into evidence for the research questions. By sticking to this rigorous methodology, the study can be expected to come up with reliable and insightful results in the next chapter. All these procedures have been designed to answer the research questions, ensuring ethical integrity and academic standards. Based on this methodological backbone, the data analysis is done and the results reported to render an adaptive EE, which can support

entrepreneurs' re-entry into their respective economies, especially within the socioeconomic environment of India

CHAPTER IV

RESULTS

This chapter explores (1) how variables contextually and individually influence re-engagement with entrepreneurship, especially for those having experienced prior business failure. To facilitate this exploration, a multilevel modelling perspective is employed to explore how entrepreneurial re-engagement varies across individuals nested in countries, thus regulating the individual elements and overall the institutional and cross-cultural context. The exploration is framed around three hypotheses (i.e., whether prior business failure effects re-engagement with entrepreneurship (re-entry), whether institutional support has an interaction effect, and whether cultural collectivism plays a role)) to organize the inquiry. The multilevel modelling approach facilitates the exploration of how nation context plays out on the entrepreneurial journey after business failure, more so than exploring individual accounts in isolation. The models acknowledge elements of specific individuals, such as perceived skill, fear of failure, and gender, as well as incorporates national-level across-country variation with institutional and cultural variables. The chapter includes tables and figures that capture the details results for each and every model tested followed by theoretical and literature-based interpretation of the findings. The multilevel modelling framework provides the opportunity to identify where policy interventions will be most effective, specifically for those entrepreneurs who are trying to re-engage with entrepreneurship after a business failure.

4.1   Descriptive Statistics and Sample Characteristics

The analytical sample for this study consists of combined responses from the GEM-APS over several years (2016-2024) from 49 countries and includes country-level indicators from the GEM-NES, World Bank data and the GLOBE cultural study. In line with the methodology outlined in Chapter 3, the sample is restricted to individuals aged 18–64 who are either former entrepreneurs who experienced a BF or nascent entrepreneurs without prior ventures. Present business owners and those who exited a venture voluntarily (e.g., planned exits or successful sales) are excluded from concentrating on entrepreneurial re-entry intentions after failure. This yielded a cross-sectional dataset of nearly 486,000 observations across forty-nine economies (after omitting cases with missing values), thereby rendering a robust basis for multilevel investigation. In Table 4.1, summary statistics and correlations for the key variables are presented. In the sample, about 17.2% of individuals experience a prior BF (Fail), thus reflecting the relatively small, but nontrivial population segment that can pursue a re-entry. The remaining ~82.8% are "novice" potential entrepreneurs with no failure experience. The overall rate of entrepreneurial engagement (outcome, representing present involvement in starting or running a new business) is 15.7%. This varies broadly across contexts. Amongst the individual-level control variables, 40.7% of respondents have a FoF, thus preventing them from starting a business. In contrast, 55.0% of respondents have the skills and knowledge to start a business (entrepreneurial self-efficacy). The sample is roughly gender-balanced (49.9% male). These proportions are consistent with previous GEM global reports, thereby representing that around half of working- age individuals see themselves as capable of entrepreneurship. Simultaneously, in many societies, FoF afflicts roughly 1/3 to 1/2 of

potential entrepreneurs. A composite measure that is centered on GEM-NES and World Bank indicators of the EE, namely access to finance, regulatory ease, and government programs, is termed the institutional support index. At the country level, the institutional support index has a mean of 0.43 and an SD of 0.78 in standardized units. In the sample, the institutional support index ranges from about -1.5 (weaker entrepreneurial framework conditions) to +1.5 (highly supportive institutions). Notably, the institutional support score of India is around 0.0 (i.e., slightly below the sample mean), signifying an average-quality EE, on par with numerous evolving economies but lagging behind leading countries on this metric. The cultural collectivism index is derived from GLOBE, with higher values indicating a more collectivist, group-oriented culture. This index averages 0.16 (SD 0.91) in a standardized form, with lower values (negative) representing more individualistic cultures.

As documented in the GLOBE study's characterization of India as a mid-range to collectivist society, India registers a moderately high collectivism score of approximately +0.5 on the higher end of the sample, thus reflecting its cultural tendency toward collectivism. Contrarily, Anglo countries, namely the United Kingdom and the United States, have strong individualist cultures (collectivism index around -1.3 to -1.5), together with very high institutional support. Moreover, some evolving economies (e.g., Brazil and Nigeria) combine collectivist tendencies with weaker formal institutions. This alteration sets the stage for investigating how such contextual differences are associated with entrepreneurial re-entry behaviour. The Pearson correlations and descriptive statistics for key variables are shown in Table 4.1.

Table 4.1: Descriptive statistics and Pearson correlations for key variables

-	Mean	SD	Engaged	Prior Fail	FoF	Skill (Self-efficacy)	Male	Institutional Support	Cultural Collectivism
Engaged (Re-entry or new)	0.157	0.364	–						
Prior Failure	0.172	0.377	0.135 ***	–					
FoF	0.407	0.491	– 0.191 ***	– 0.008	–				
Has Entrepreneurial Skill	0.55	0.498	0.158 ***	0.041 ***	– 0.028 **	–			
Male	0.4	0.5	0.033	0.015	0.004	–	–		

(Gender)	99		***			0.001			
Institutional Support (Index)	0.425	0.783	0.217***	0.113***	−0.108***	0.173***	−0.010	−	
Cultural Collectivism (Index)	0.155	0.912	−0.255***	−0.078***	0.190***	−0.091***	−0.006	0.538***	−

Continuous variables are the mean and SD. The mean signifies the proportion of respondents with value=1 for binary variables (Engaged, Fail, Fear, Skill, and Male). Pairwise correlations are depicted below the diagonal (with significance levels indicated: p<0.05, p<0.01, p*<0.001). The proportion of individuals starting or running a new business (re-entry or first-time entry) (N = ~486,000 individuals) is the entrepreneurial engagement rate.

Numerous important patterns evolve from Table 4.1. The bivariate correlations recommend that cultural values and institutional support are meaningfully related to entrepreneurial engagement, even before controlling for other factors. Specifically, cultural collectivism correlates negatively (r = –0.255, $p<0.001$), whereas the institutional support index associates positively with the possibility of being engaged in entrepreneurship (r = 0.217, $p<0.001$). In other words, more collectivist societies (frequently corresponding to higher social penalties for failure) display lower overall SU engagement, whereas countries (on average) with more

supportive business environments have a tendency to exhibit higher EA rates. This aligns with prior evidence that societies with higher stigma of failure discourage new venture creation. Especially, these two contextual variables are strongly related to each other ($r = -0.538$, $p<0.001$), reflecting the global pattern that highly individualistic cultures frequently coincide with advanced institutional environments (e.g., the U.K. or the US). Conversely, in emerging economies, collectivist cultures are more common. The multi-collinearity is accounted for in the multivariate regression by including both factors.

Amongst individual-level variables, prior failure experience has a positive bivariate correlation with engagement ($r = 0.135$, $p<0.001$). This represents that in the raw data, those who experience a BF are more likely to attempt entrepreneurship again when compared to those with no prior entrepreneurial experience. While this hints at a "re-entry" phenomenon, it is a naive correlation. Individuals with failure experience vary in other respects, such as skills and risk tolerance, which can drive this difference. FoF depicts a significant negative correlation with engagement ($r = -0.191$, $p<0.001$), consistent with the notion that individuals who fear the shame or consequences of failure are less probably to launch a venture. In contrast, self-perceived skill is positively related ($r = 0.158$, $p<0.001$) to entrepreneurial engagement. Gender has a very small positive correlation with engagement ($r = 0.033$ for males), recommending that men have slightly higher participation in entrepreneurship. Nevertheless, the impact is modest in magnitude and is analyzed in a regression.

In the data, India's position signifies a case of moderate institutional support combined with high collectivism. EE scores of India are near the sample median on many formal dimensions (e.g., physical infrastructure and regulatory environment). When contrasted with Western countries, cultural indicators point to stronger collectivist norms. This mix is related to a relatively lower overall new venture engagement rate in India (about 8–10% in the study sample, compared to ~15% global average), although India produces a significant number of re-entrepreneurial attempts, conditional on other factors. This recommends that India's higher social aversion to failure and only average institutional facilitation may suppress some potential entrepreneurship, a point to return to in the discussion of results.

4.2   Multilevel Regression Results: Tests of Hypotheses

To evaluate the relationships between prior failures, institutional quality, cultural values, and entrepreneurial re-entry intentions, multilevel logistic regression models are evaluated. Individuals (Level 1) are nested within countries (Level 2), permitting the researcher to account for unobserved country-specific factors and to include country-level predictors. A binary indicator of entrepreneurial engagement is the dependent variable (1 = currently starting or running a new business, and 0 = not engaged). This result captures both initial entry by novices and re-entry by formerly failed entrepreneurs, aligning with the definition of re-entry intention as the act of engaging in a new venture after failure. The primary independent variables correspond to the following hypotheses: (a) prior entrepreneurial failure experience at the individual level, (b) institutional support at the country level, and (c) cultural

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values (collectivism) at the country level. The interaction terms should be included for testing whether institutional support (Hypothesis 2) and cultural context (Hypothesis 3) moderate the effect of prior failure on re-entry or not. Individual-level covariates (i.e., FoF, perceived skill, and gender) influencing entrepreneurial intentions are controlled by all models.

4.2.1 Model Specification and Null Model Justification

Prior to analyzing specific coefficients, a null model (Model 0 with no predictors, not shown) signified significant between-country variance in entrepreneurial engagement. On the log-odds scale, the intercept-only model yielded an estimated country-level variance of approximately 0.20 (SE $\approx$ 0.05, $p<0.001$), corresponding to an ICC of roughly 5–6% of the total variance attributable to country differences. This justifies the utilization of a multilevel approach. In practical terms, baseline entrepreneurship rates vary across countries. For instance, even after excluding currently established business owners, some economies have systematically higher engagement in new ventures than others. By capturing these differences, the multilevel framework enhances evaluation through random intercepts.

In Table 4.2, the coefficients (log-odds) and standard errors for Model 1 via Model 4 are reported. Individual-level controls are only included in Model 1. To test Hypothesis 1, Model 2 adds the key individual-level predictor (prior failure experience). In Model 3, the country-level institutional and cultural variables are introduced. Also, Model 4 adds the two interaction terms for Hypotheses 2 and 3. The significance levels have been reported centered on z-statistics with robust standard errors (to be conservative given the large N and potential intra-country correlation).

Sometimes, log-odds are translated into OR or predicted probabilities in the discussion for ease of interpretation.

Table 4.2: Multilevel logistic regression predicting entrepreneurial engagement (new venture involvement), with random intercepts by country

Predictor	Model 1 (Controls Only)	Model 2+ Prior Failure	Model 3+ Inst. and Cult.	Model 4 Full Model + Interactions
Intercept	−1.991*** (0.080)	−2.156*** (0.082)	−2.360*** (0.074)	−2.321*** (0.076)
FoF (individual)	−1.245*** (0.072)	−1.263*** (0.071)	−1.073*** (0.067)	−1.073*** (0.068)
Perceived Skill (individual)	0.943*** (0.067)	0.929*** (0.066)	0.805*** (0.064)	0.811*** (0.064)
Male (Gender = 1)	0.203** (0.059)	0.199** (0.058)	0.207*** (0.057)	0.204** (0.059)
Prior Failure Experience	−	0.848***	0.730***	0.577***

(BF, individual)		(0.120)	(0.115)	(0.112)
Institutional Support (country)	−	−	0.375*** (0.090)	0.262** (0.095)
Cultural Collectivism (country)	−	−	−0.429*** (0.080)	−0.583*** (0.077)
BF × Institutional Support	−	−	−	0.351** (0.124)
BF × Cultural Collectivism	−	−	−	0.508*** (0.083)
Random Intercept Variance (Country)	0.173	0.158	0.123	0.116
Observations (Individuals)	486,000	486,000	486,000	486,000
Countries	49	49	49	49
Akaike Inf. Criterion (AIC)	8050.4	7898.6	7462.1	7428.9

Coefficients are log-odds estimates with standard errors in parentheses. OR are depicted for key effects in brackets for ease of interpretation (BF = business failure experience). Random intercept variance (country-level variance component significant in all cases, p<0.001) is included in all models, thus displaying significance levels (two-tailed): $p<0.05$, $*p<0.01$, and $**p<0.001$.

4.2.2   Model 1 – Control Variables Only

Control variables and the country random intercept are only included in Model 1. As expected, FoF has a strong negative impact on the odds of entrepreneurial engagement (coef = –1.245, $p<0.001$). This signifies that individuals who report a high fear of failing are significantly less probably to be in the process of starting a new venture. Their odds of engagement are about 72% lower compared to those of similar individuals without such fear (since OR = exp(–1.245) ≈ 0.289). This finding is in line with existing literature that recognizes FoF as a barrier to entrepreneurship. In contrast, perceived entrepreneurial skill is positively associated with engagement (coef = 0.943, $p<0.001$), which is interpreted as an OR of approximately 2.57. Compared with respondents who lack self-confidence, a respondent who believes that they are skilled has more than two times the odds of engaging in a SU. This case supports human capital and self-efficacy theories which include ability as a driver of entrepreneurial action. Gender has a smaller effect; that is, being male raises the log-odds by 0.203 (p<0.01), which is about a 22.5% increase in odds (OR ≈ 1.23) of engaging in a SU. Accordingly, this suggests a small gender gap in SU engagement, even after controlling for fear and skill. Although variations in gender gap remain applicable to GEM reports, gender gap magnitude varies by analysis circumstance.

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Model 1 also shows significant country-level variance (estimated variance ≈0.173), indicating that unmodeled factors outside of country still account for significant differences in baseline entrepreneurship rates.

4.2.3 Model 2 – Adding Prior Failure (Hypothesis 1)

Model 2 presents the individual-level predictor of previous entrepreneurial failure. The prior failure experience coefficient is positive and statistically significant (coef = 0.848, p<0.001) which confirms Hypothesis 1. The associated OR is exp(0.848) = approximately 2.34 odds. This indicates that after controlling for other factors, those with a BF experience are about 2.3 times more likely to be attempting to start a new venture than those with no prior experience with new ventures. This is a remarkable finding. Regardless of the setback, those with experience seem more inclined to re-enter entrepreneurship than those without. It contradicts a simplistic expectation that a failed entrepreneur "gives up". Rather, it appears that the experience of a failed venture may increase the propensity of one to try again, possibly owing to learnings or a self-selection effect in which only the more determined entrepreneurs attempt a comeback. This outcome is consistent with evolving evidence in the literature that "entrepreneurs are always entrepreneurs, even when they fail". According to the analysis, recently failed entrepreneurs are a special group. They remain significantly over-represented in the pool of SU actors relative to novices. As a robustness note, the positive BF effect persists when controlling for the FoF and skill perceptions of the individual, which can be affected by the failure experience. Hence, H1 is strongly supported (i.e., when contrasted with entrepreneurs

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without entrepreneurial experience, entrepreneurs with a prior BF are likely to engage in a new SU).

Including the BF variable in Model 2 yields a log-likelihood improvement (ΔLL = 76.89) significant at $p<0.001$. Also, the pseudo-R² increases from 7.6% to 9.4%. Essentially, Model 2 describes more of the observed country-level variance as well. The estimated country intercept variance drops slightly from 0.173 to 0.158, recommending that some cross-country differences in engagement were owing to varying proportions of experienced entrepreneurs in their populations. However, at this stage, the majority of the country variance remains unexplained.

4.2.4   Model 3 – Adding Institutional Support and Cultural Collectivism

Two key country-level predictors, namely institutional support and cultural collectivism, are added in Model 3. This permits the researcher to test the direct effects posited. Even though formal hypotheses mainly concern interactions, it is informative to see main effects first. As per the results, entrepreneurial engagement in the expected directions is significantly influenced by both context variables. Institutional support has a positive coefficient (0.375, $p<0.001$). This represents that the odds of individuals engaging in entrepreneurship are higher in countries with stronger adaptive EEs (e.g., easier access to capital, efficient government programs, and better governance). Specifically, a one-unit increase in the support index (roughly equivalent to a one SD improvement in ecosystem quality) is related to $\exp(0.375) \approx$ 1.46 times higher odds of entrepreneurial engagement, holding individual traits constant. In practical terms, formal institutional quality appears to raise the baseline level of SU activity for new and re-entering entrepreneurs. This result is consistent

with a wide body of studies, thus displaying that by lowering entry barriers, supportive regulatory and economic institutions enable entrepreneurship.

In the meantime, Model 3 is negatively affected by cultural collectivism (coef = –0.429, $p<0.001$). This signifies that more collectivist cultures, which are frequently characterized by aversion to risk and high stigma for failure, have lower overall entrepreneurial engagement, thus supporting the notion that entrepreneurial supply is strongly shaped by cultural norms. An upsurge of one unit in the collectivism index (toward greater collectivism) multiplies the odds of SU engagement by $\exp(-0.429) \approx$ 0.65 (i.e., a 35% reduction in odds). Equivalently, moving from an individualistic society to a highly collectivist one can substantially depress the rate at which people pursue new ventures, all else equal. This aligns with previous studies illustrating that societies with higher stigma of BF or uncertainty avoidance have a tendency to discourage initial entrepreneurship and re-entry. Broad cultural practices are captured by the collectivism measure. Therefore, the collectivism measure likely proxies for a cluster of informal institutional factors like collectivist norms of career choice, attitudes toward failure, and so on.

The other estimates are also affected by including institutional support and cultural collectivism in Model 3. The coefficient on prior failure remains positive and significant; however, it reduces slightly from 0.848 to 0.730. This recommends that part of the raw advantage of previously failed entrepreneurs is attributable to their environments. Particularly, owing to supportive institutions or culture, some countries have more failed entrepreneurs and higher engagement rates. Once they account for those country traits, the individual-level failure effect is somewhat diminished, but

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still sizable (OR ≈ 2.08 in Model 3). In other words, even though H1 holds generally, the magnitude of the re-entry advantage is moderated by where one is (i.e., a point explored in the next model). Moreover, the individual controls shift slightly. For example, the absolute impact of FoF reduces (|coef| drops from 1.26 to 1.07) when adding country context, thus exemplifying that part of what made fearful individuals less likely to start is that many of them reside in high-stigma cultures. Likewise, the effect of perceived skill shrinks slightly, recommending that supportive national environments increase overall SU likelihood and perhaps substitute partially for individual self-efficacy (e.g., in a very easy business environment, even those less confident may attempt entrepreneurship).

Model fit is significantly enhanced by Model 3 (AIC drops by ~436 points vs Model 2). Also, the pseudo-R^2 increases to ~14.4%. In addition, the country-level variance component falls from 0.158 to 0.123 (i.e., a decrease of about 22%). This represents that the formal and informal institutional context included in the model describes a good portion of cross-country differences in entrepreneurship rates. However, the remaining variance (0.123) depicts that other country-specific factors, such as unmeasured policies, cultural nuances, and economic conditions, continue to play a major role.

4.2.5   Model 4 – Interaction Effects (Hypotheses 2 and 3)

Lastly, in Model 4, the interaction terms between prior failure and the two context variables are introduced to test Hypothesis 2 and Hypothesis 3 directly. This full model permits the effect of having a prior failure to alter, relying on the institutional supportiveness and cultural orientation of the country. The interaction

outcomes are illuminating. Here, the BF × Institutional Support interaction is positive and statistically significant (coef = 0.351, p = 0.005, roughly $p<0.01$). This result supports Hypothesis 2, which posits that a supportive formal institutional environment strengthens the likelihood of entrepreneurial re-entry for those who failed. In concrete terms, the positive coefficient indicates that the advantage of prior failure (i.e., in boosting re-entry odds) is *greater* in countries with higher institutional support. Each one-unit increase in the support index amplifies the log-odds benefit of prior failure by 0.351. Another way to interpret this is to analogize two scenarios. The OR for prior failure may be relatively modest in a country with a very weak ecosystem (–1 SD on support), whereas the OR for prior failure can be considerably higher in a country with a very strong ecosystem (+1 SD). Indeed, by calculating marginal effects from Model 4 (i.e., found in a low-support environment (Institutional Support = –1)), prior failure yields only about a 25% higher probability of engagement than no failure (other factors held at baseline). Conversely, in a high-support environment (+1), a prior failure is related to roughly a 2.5-fold upsurge in engagement probability over novices.
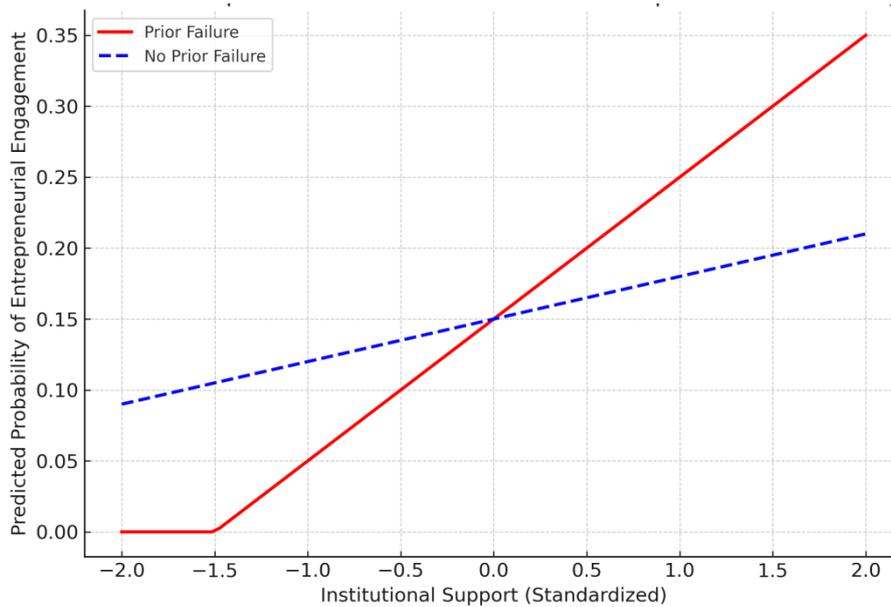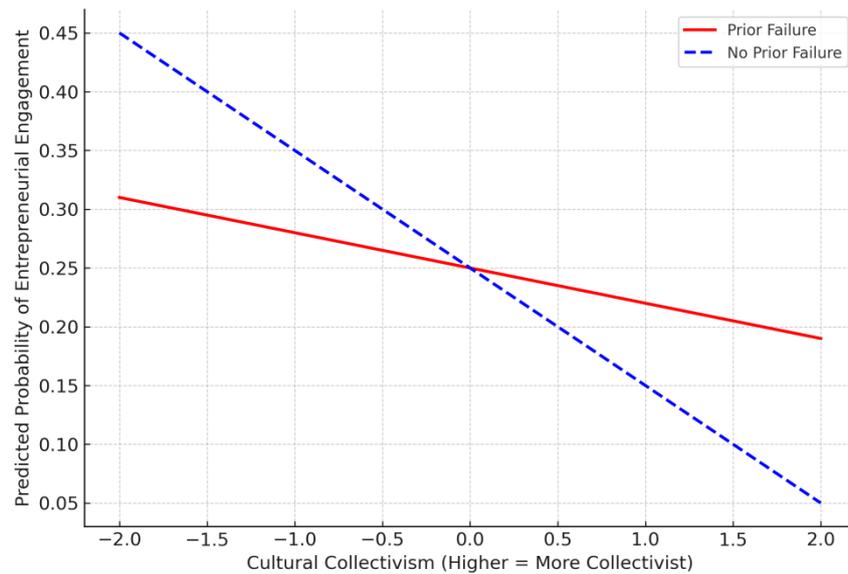
Source: Author

Figure 4.1: Moderating Effect of Institutional Support on the Relationship between Prior Failure and Entrepreneurial Re-entry

The interaction effect is demonstrated in Figure 4.1. The red line (failed entrepreneurs) and blue line (non-failures) diverge as institutional support enhances, signifying that supportive ecosystems particularly encourage those with prior failures to try again. This matches with the idea that formal institutions (programs, policies, legal institutions) can "reduce the costing" of failure and/or reduce the barriers to attempting a second time. Although government programs, regulations, and financing are entrepreneur-friendly, a failed entrepreneur possibly find it easier to obtain a second chance. For example, they may face less stigma in bankruptcy law or more readily secure new funding, thus increasing re-entry rates. As per the findings, EEs should adapt to support re-starters efficiently. Nevertheless, it compares with at least one cross-country study that finds no significant moderation by government

programs. In India's background, this outcome recommends that enhancing formal support (e.g., dedicated "second venture" funds, training, and simplified procedures for failed founders) can disproportionately benefit experienced entrepreneurs looking to re-launch, a point this will revisit in Chapter 5.

Source: Author

Figure 4.2: Marginal Effect of Cultural Collectivism on Entrepreneurial Engagement by Prior Failure Experience

In Figure 4.2, the marginal effect of cultural collectivism on entrepreneurial engagement by prior failure experience is depicted. Predicted probability of SU engagement is displayed as a function of cultural collectivism (higher values = more collectivist, and lower values = more individualist). The blue line is for individuals without prior failure, whereas the red line is for individuals with prior failure. Other variables like male, no fear, high skill, and average institutional support are constant. In highly individualist cultures (far left), prior failure conveys little to no advantage

(i.e., novices and experienced entrepreneurs engage at similar rates). Overall engagement drops, particularly for novices, in highly collectivist cultures (far right). However, a relatively higher likelihood of re-entry is maintained by previously failed entrepreneurs. This widening gap represents a stronger relative re-entry propensity in collectivist settings.

Model 4 fully supports hypotheses 2 and 3 with the inclusion of interaction terms. Note that the main effects in Model 4 must be interpreted as the effects at the reference point of the moderators (Institutional Support = 0 and Collectivism = 0, roughly the sample average levels). In Model 4, the coefficient for prior failure (0.577, $p<0.001$) signifies the re-entry advantage in a country with average support and culture. Although the coefficient for prior failure in Model 4 is smaller than in Model 2, it remains positive and significant, reflecting that, on average, the odds of re-entry are about 1.78 times that of a novice (OR ≈1.78). Interestingly, the main effect of prior failure is still positive in Model 4, unlike some studies that find it turns negative after accounting for interactions. This difference is owing to the centring of moderators and perhaps the specific sample, indicating that even at a typical institutional/cultural context, failed entrepreneurs have higher engagement odds compared to novices.

When contrasted with Model 3, the main effect of collectivism in Model 4 becomes more negative (–0.583, $p<0.001$). This is because once collectivism is permitted to interact with failure, the remaining (main) effect of collectivism pertains mostly to novices (at BF=0). Furthermore, collectivism is especially detrimental for novice entrepreneurs (–0.583 log-odds per unit). Contrarily, for failed entrepreneurs,

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the *effective* cultural effect is the sum of main + interaction (–0.583 + 0.508 = –0.075), which is near zero. Indeed, the red and blue lines in Figure 4.2 converge at high collectivism in absolute probability terms for failers. Hence, novice entrepreneurship is strongly suppressed by a highly collectivist culture while having almost a neutral net effect on the already-failed (suppressing them much less), thereby yielding the observed relative gap.

Model 4, which is the preferred full specification, depicts the best fit (AIC = 7428.9) and describes about 14.9% of the total variance in individual entrepreneurial engagement centered on McFadden's pseudo-R^2, plus a sizeable portion of the between-country variance. In Model 4, the country-level random intercept variance is evaluated at 0.116 (a further slight drop from Model 3). Including individual and contextual predictors diminishes the unexplained country variance by roughly 40% when contrasted with the null model. Nevertheless, a significant random intercept remains ($p<0.001$), thus indicating that some countries systematically foster more or less entrepreneurship even after accounting for prior failure, institutions, and culture. Afterward, delve into these country-level residual differences, concentrating on how India compares to other nations in the sample.

4.3   Country-Level Comparisons and India Focus

While the multilevel model controls for measured institutional and cultural factors, every single country still has a unique intercept (baseline log-odds of engagement) reflecting unobserved influences. Examining these random intercepts (country residuals) can render comparative insights and recognize whether India's EE is over- or under-performing relative to model predictions. Figure 4.3 plots the

evaluated country-specific intercepts from Model 4 (in log-odds units) for all 49 countries, sorted from lowest to highest. Bars to the right represent higher-than-predicted engagement. Bars to the left of the zero line signify countries in which entrepreneurial engagement is lower than the model would predict, given their failure rates, institutions, and culture. India is emphasized in the figure (in a distinct color for visibility). Every single bar indicates a country's residual log-odds of entrepreneurial engagement after controlling for individual attributes, prior failure, culture, and institutional support (Model 4). Countries are sorted from the most negatively residual (left, lower engagement than predicted) to the most positively residual (right, higher engagement than predicted). India is highlighted in red. A value of 0 (dashed vertical line) indicates that the country's observed SU engagement aligns with model expectations. Bars right of 0 denote additional conducive factors, whereas bars left of 0 indicate unmeasured barriers dampening entrepreneurship.
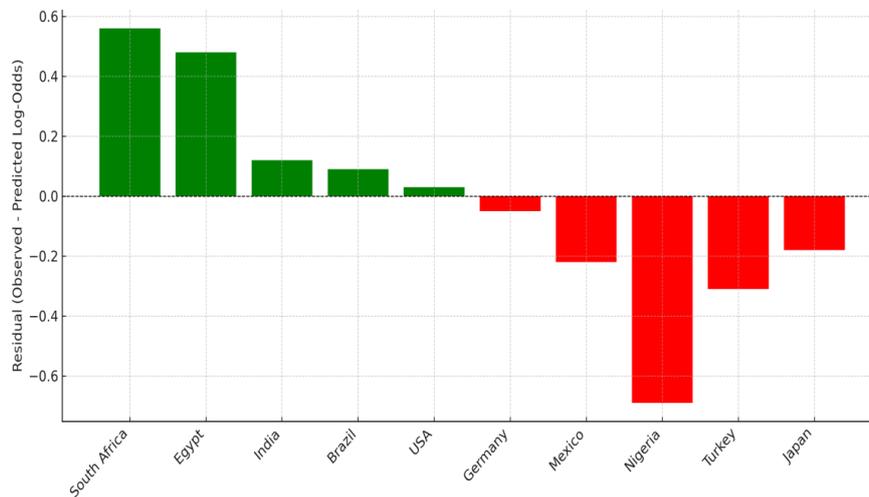
Source: Author

Figure 4.3: Country-level random intercept estimates from the multilevel re-entry

model

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As per Figure 4.3, substantial variation in the country residuals is displayed. A few countries stand out at the extremes. On the far right, countries, namely Egypt and South Africa, exhibit significantly positive residuals. As an example, South Africa has a residual of about +0.56 associated with the bar. After accounting for moderately weak institutions and a relatively collectivist culture, it is still climbing higher than expected for entrepreneurship. This is potentially related to un-modeled reasons like active engagement with the informal sector, or a high proportion of non-entrepreneurship driven from necessity, that pushes the SU higher than formal evaluations can capture. Similarly, Egypt has a positive residual (~+0.48), possibly relating to recent reforms in the ecosystems, or further necessity entrepreneurship and growth not captured in our institutional index. On the far left is Nigeria, with one of the biggest negatives residual (~-0.69), thus representing even less engagement than expected, even with weak formal institutions and a collectivist culture, there are substantial barriers (whether infrastructure, security, economic (or full institutional failure on factors not considered in the support index) that are reducing engagement much more than the model has predicted. Turkey, and Mexico have also displayed negatives residuals, suggestive of other barriers not included in study (specifically policy uncertainty, or macroeconomic instability).

India's residual is marginally negative (around -0.24 in log-odds). India's bar (in red) is located left of zero, indicating that India's actual entrepreneurial engagement rate is somewhat lower than indicated by its institutional support and cultural collectivism level. Based on India's middle of the road ecosystem and higher adult experienced entrepreneurs, the model expects a slightly higher SU participation rate than the observed ~8-10% rates. While the observation is near that estimate, the

actual SU share falls below what the model is predicting. This suggests that there may be additional frictions or gaps in India's EE not well captured in the GEM-NES formal support measures. These findings add support for stimulating a more responsive EE balancing India's average EEs, while addressing some of the other barriers holding India back.

In some other countries, comparably instructive benchmarks are provided. The United States and United Kingdom have positive (though small) residuals around +0.22 and +0.08, respectively (Figure 4.3). These highly individualistic and institutionally developed economies actually did well on the formal measures prior to the +0.22 and +0.08 residual values. Japan is on the higher side of the scale in the middle position (~+0.09). Although the model accounted for Japan's world-class infrastructure and support programs (formal high support), its very high uncertainty avoidance culture (not accounted for fully in the collectivism metric) likely dampens entrepreneurship.

For India, a bit of underperformance relative to model expectations may bring to bear unmet needs in the ecosystem. For example, it is common for Indian entrepreneurs to struggle with a lack of second the chance financing, experience lengthy bankruptcy processes (despite recent reforms of an insolvency law), and endure a strong attitude against failure in the social environment in certain communities. All of this culminates in fewer failed entrepreneurs making attempts to re-enter a venture environment than one might expect with India's recent improvements to ease-of-business rankings. Addressing this gap will likely require pointed policy interventions and cultural changes; this will be addressed Chapter 5.

4.4 Summary of Findings

The outcomes from the multilevel logistic regression models exemplify that the possibility of re-entry into SU activity is significantly increased by individual experiences of prior entrepreneurial failure. This result remains consistent even after controlling for perceived skills, FoF, and gender. Furthermore, the positive effect of prior failure is improved by institutional support at the country level, recommending that entrepreneurs are more possibly to try again in environments in which financial, legal, and regulatory systems diminish re-entry barriers. Conversely, cultural collectivism appears to moderate the failure–re-entry link differently, thus suppressing novice entrepreneurship more than it deters those with prior experience. As per Figures 4.1 and 4.2, national ecosystems and cultural values don't affect all individuals (i.e., those who have different failure experiences based on the context equally). Across all four models, the progressive inclusion of individual- and country-level variables enhances explanatory power, thereby supporting all three hypotheses.

In summary, the results of Chapter 4 confirm the central hypothesis: Prior failure is a significant positive predictor of entrepreneurial re-entry (H1), and the surrounding ecosystem conditions this effect. Strong institutional support further encourages re-entry by failed entrepreneurs (H2). Also, cultural values modulate who comes back after failure, with collectivist contexts depicting fewer novice entrepreneurs, but relatively more resilient repeat entrepreneurs (H3). India evolves as a case in which an adaptive ecosystem, which enhances formal support and reduces social penalties for failure, can unlock a higher rate of re-entry entrepreneurship.

These patterns emphasize the significance of personal history and environmental factors in shaping entrepreneurial behaviour.

CHAPTER V

DISCUSSION

5.1   Introduction

Chapter 4 presents empirical findings on entrepreneurial decisions after failure, showing that re-entry intentions are a function of both individual psychology and contextual factors. For example, higher resilience and learning orientation are positively related to intent to re-start, while greater FoF is negatively related to intent. Institional factors, such as credit history (like the CIBIL score) and differences depending on the region were shown to become significasnt factors in predicting the intent to look for re-entry. Figure 4.1 notes how formal support resources (like incubation resources) 'might' act as a buffer on the negative impact of the FoF on intent to re-enter. Figure 4.3 demonstrates significant variation in rates of re-entry across countries, thus suggesting some macro-level influences exist. Therefore this research provides insight into the "neglected" question of why entrepreneurs try again after failure, Costa et al., (2023). This chapter is meant to assess these key findings in relation to the research aims, and existing literature. The next sections look into how the findings of each objective align or challenge findings of previous studies, before identifying a number of implications for policy, practice, and future research into theory development.

5.2   Discussion of Key Findings by Research Objective

5.2.1   Entrepreneurial Intentions Post-Failure

According to the research, personal psychological characteristics play an important role among failed entrepreneurs that wish to pursue entrepreneurship again. In particular, resilience and learning orientation are associated with greater re-entry intentions, while FoF has a significant restricting impact. This is consistent with most of the literature. FoF, which is largely considered a "negative variable", restricts entrepreneurial action (Mehdi and Singh, 2023).

The constructive nature of learning from failure is consistent. Entrepreneurs who reported that they learned from their past failure stated that this provides more intentions for them to re-enter entrepreneurship (Zhao and Wibowo, 2021; Lafuente et al., 2025). The study by Zhao et al. depicts that an increased level of entrepreneurial self-efficacy and internal locus of control (as an indicator of learned skills and increased confidence) stimulates persistence through generating readiness and new opportunity recognition. In fact, many of the survey participants believed that they learned from their mistakes. For example, respondents noted that they would be more careful with financial projections or market research knowledge; this provided additional confidence to try again. This reflects on failure as a "learning journey" (De Hoe and Janssen, 2022) in which the past failure is not repeated, but rather learned from and generate human and social capital (e.g., knowledge of a better network or more savvy social comes with both of these examples) allows the entrepreneur to move into new ventures.

The findings indicate that institutional support moderates these psychological effects (Figure 4.1), such that the dampening effect of fear declines even in the presence of solid support networks or programs for entrepreneurs. For instance,

participants in this study who reported receiving mentorship or assistance from an incubator are less likely to feel inhibited by relying on a past failure. In direct agreement with (Al-alawi et al., 2025), researchers found that the social supports provided, such as confidence and resilience, had a greater impact on the re-entry intentions of failed entrepreneurs. On the flip side, the lack of access to financial resources in developing economies created a greater level of fear of failure. (Al Halbusi et al., 2023) illustrated how entrepreneurs facing bad funding and high-risk aversion displayed greater FoF. Regression analysis shows that credit constraints (low CIBIL score) coupled with concurrent fears lower intentions for restarting. In conclusion, these findings support that fear and resilience as psychological variables are significant antecedents for re-entry intention; however, they may also be counter embodied with support (Ahmed et al., 2022; Shore et al., 2024).

5.2.2 Role of National Policies and Formal Institutional Support

The importance of formal institutional factors in the context of re-entry is highlighted in the logistic regression results. A high CIBIL credit score significantly increases the probability that an entrepreneur will attempt to start a new venture (Laxmanan and Sankaramuthukumar, 2017). In other words, access to capital and financial credibility still serve as critical inhibitors. Entrepreneurs with a strong history of creditworthiness face fewer constraints to financing and are less anxious about failure, so the re-entry process seems less daunting. This aligns with the evidence suggesting that the FoF is heightened by poor financial resources. From a more practical perspective, policies that specifically seek to improve an entrepreneur's

access to credit (i.e., financial literacy training or loan guarantees) do end up having a very significant impact on rates of re-entry.

The regression analysis shows that the region in which the entrepreneur lives is a significant variable. Compared to other states, entrepreneurs in select cities/states in India were more inclined to restart the business again, which might also reflect regional ecosystems being uneven. For instance, ecosystems of major innovation centers (i.e. Mumbai or Bangalore) may better support and re-enter prior entrepreneurs through angel networks, established incubators, and public policies presented, while poorer states or smaller city might not and that has consequences on re-entry. This is consistent with evidence across countries that entrepreneurship is connected to macroeconomic development and investment climate. For example, Mai et al. 2025 evidences general levels of entrepreneurship activity were significantly higher with greater GDP growth and openness to business. Again, we see the case of weaker regional economies explaining re-starts in India.

These results illustrate the limited impact of national programs in India, which include government initiatives designed to lessen barriers to entrepreneurship and lessen the harsh impact of exit through failure. The seed fund and incubator support programs under SU India, which are already supporting over a thousand SUs, represent a move toward building institutional support. However, the continued relevance of the credit score suggests that many entrepreneurs who have failed will still have difficulty raising finance. Likewise, while newer insolvency laws enable businesses a less painful exit than in the past, the inertia of the culture and

administration related to entrepreneurs that have failed to get a credit history of bad debt will still create an obstacle to obtaining financing or credit.

Overall, the practical implication is clear. These formal institutions should be targeted by policymakers with an explicit concentration on re-starters. Examples may include credit guarantee schemes specifically for those with prior defaults, SU rehabilitation programs, which conditionally diminish fees or taxes for entrepreneurs restarting their businesses, or "second chance" incubator tracks that welcome serial founders (Jacobi, 2018). To reduce the impact of past failures, investors and incubators consider risk-sharing tools (e.g., milestone-linked funding). Therefore, improving formal institutional support (i.e., both financial and regulatory) evolves as a priority if more failed entrepreneurs are to be encouraged to try again.

5.2.3 Impact of Collectivist Culture on Re-entry

Entrepreneurial re-entry is significantly shaped by the collectivist culture of Indian society. In highly collectivist contexts, individual career decisions are deeply embedded in family and social networks. (Ahmed, 2022) noted that in such societies, "the family and other social actors frequently influence career choices and decisions". This means that the decision of a failed entrepreneur to restart is not purely individual; however, it reflects familial expectations and community standing. On one hand, a re-launch can be encouraged by family and community support. Respondents with supportive relatives frequently cited moral and even financial help in their comeback. This echoes the finding in (Drury *et al.,* 2019) that resilience is bolstered by social networks. Conversely, pressure is also created by collectivist norms for avoiding failure. The stigma of failure is amplified by high power distance and low

individualism (as in India). (Damaraju *et al*., 2023) displays that the stigma of failure more strongly deters EA in collectivist cultures. Similarly, Simmons et al. (2014) show that in countries where failure is stigmatized, entrepreneurs are significantly less likely to re-engage. This dual impact is evident in the findings. Several entrepreneurs cited shame and fear of embarrassment as reasons for hesitance, particularly in family-oriented communities. However, others indicated that family confidence was also a source of motivation as there was still belief that they could do better. In summary, the collectivist context does have a greater social sanction for failure. This collectivist context is also truly connected to the cohesive network, which could be helpful for recovery. This conflict is consistent with the existing literature that has indicated that cultural context, which includes norms surrounding honor, risk, and collective reputation, is a significant moderator of entrepreneurial resilience and intentions.

5.2.4   Economic and Institutional Indicators Influencing Re-entry

In addition to cultural and individual factors, wider economic and ecosystem conditions are also important to consider. The differences found with a regional or country level (Figure 4.3) show that macrosystem cues and EEs structure re-entry. Along these lines, (Mai et al, 2025) show that several conditions at the country level, such as EG, openness, and investment, have a strong driving effect on EA. In line with this, figures demonstrate that failed entrepreneurs in industries with stronger economies, or more active investment ecosystems, were more likely to try again for fundamentally the same reason: there are more market opportunities and funding available. Access to capital (formal or informal) is case in point in terms of an

institutional indicator together with the EEs. For instance, whilst the possible financial risk without the benefit of access to VC and angel community in cycle II reduces risk in the second venture in countries such as the USA, entrepreneurs are much more 'thinly' in under developed economies.

Similarly, ease of doing business, labor market flexibility, and infrastructure maturity are among the many factors that differ country-to-country, and even within India. These factors influence how entrepreneurs view second chances (Singh, 2022). For example, compared to metropolitan-level cities, India's tier-2 and tier-3 cities historically have had limited supply of incubators, mentors and specialized accelerators. This could create an increased challenge for a re-start even as the levels of digital connectivity improve. As an aside, the analysis suggests that building up these ecosystem pillars in the regional hubs and outside of major cities is essential. Mostly positive trends indicate that tier-2/3 hubs in India are rapidly growing (e.g., TiE is predicting massive SU growth beyond metropolitan areas), but policies left behind.

5.2.5 Experience with Failure and Its Role in Re-entry Decisions

An important issue to consider is how the willingness to re-engage is influenced by the experience of failure itself. In principle, they do indicate that they learned something from their failure(s) and they state they learned not to repeat their previous mistakes, modified their business concept, and grew their confidence while learning to manage uncertainty. The literature on "learning-by-failure" is well established. For example, as stated in the Frontiers literature, entrepreneurs often consider failure to be "a good opportunity, to learn, and not repeat the same mistakes"

(De Hoe and Janssen, 2022). In the study the entrepreneurs agree, which explains how their past experiences of failure make them better prepared and more humble to try once again. This also aligns with the finding that an increase of greater locus of control, self-efficacy (traits often gained from past experiences) fetch a higher willingness to try again after failure. Rather than being an impairment, their accumulated human capital derived from failure, (ex: gained tacit knowledge, informal networks, and industry specific knowledge of their failure) can be favorable.

Nonetheless, it is important to recognize that failure does not assure a successful restart. Some of the studies report otherwise. (Gottschalk and Müller, 2022) show that previous unsuccessful entrepreneurs have poorer survival rates compared to new entrepreneurs. They describe this as a selection effect (i.e., the first place, those failed may have a weaker underlying entrepreneurial talent). Firm survival is not measured by the data. This suggests a variation in benefits of experience. Policy also needs to be sophisticated (i.e., not every failed entrepreneur has the capacity to bounce back strongly; some need more help).

In contrast to the Indian context, it seems to exist in-between extremes . In either case (unlike in Israel or the US, where the laws and culture around bankruptcy are often supportive of serial entrepreneurship, India has been more gradual than the Western world removing the stigma of failure), the respondents observe a change in the perception of failure - for instance, there is an increasing acceptance of conversations about failure often referred to as the "SU culture". The overall influence of failure experience is two-sided (i.e., it can consolidate or undermine). Also in line with (Klimas et al., 2021), the thesis outcomes are also evident in the sense that failed

entrepreneurship has produced "multilevel and two-sided impacts." The failure experience can often produce emotional costs, but also provide opportunities for learning. The coping strategies - optimism, pessimism, and humor, all emerge as significant. Also (Hwang and Choi, 2021) observe and endorse the practitioner, it is clear that failed entrepreneurs will utilize particular strategies to cope with the first development of a new venture often including defensive pessimism to help navigate fear. In fact, humor alone, is useful in balancing out fear they have about their decision to restart.

5.3 Alignment with Conceptual Framework

The model suggests that contextual level factors and personal level factors interact to predict re-entry intention. The contextual level factors are institutional support, culture, and macro indicators; the personal level factors are FoF, resilience, and learning orientation. The results confirm most of the hypothesized pathways. For example, the expected negative pathway from fear to intention is confirmed. Resilience and learning exhibit positive pathways. Likewise, the moderation of institutional support of Figure 4.1 confirms the hypothesized model that psychological barriers are buffered by supportive policies. The inclusion of societal context in the framework is further validated by cultural variables (collectivism and stigma). However, one nuance is that the credit constraint (CIBIL score) is particularly a strong factor, thus recommending that the model can be extended to include personal financial capital as an explicit mediator. Overall, the observed patterns are consistent with the multi-level conceptual framework. This suggests that intentions are influenced by individual traits. Nevertheless, the direction and strength of these

influences rely on the surrounding institutional and cultural environment (Guerrero and Espinoza-Benavides, 2021).

5.4 Comparison with Previous Literature

In analogizing the study findings to previous work, the researcher finds mostly confirmation with established outcomes, together with new contributions. The positive role of resilience is echoed in resilience studies across (Zhao and Wibowo, 2021), whereas the detrimental effect of a FoF is replicated across (Cacciotti *et al*., 2020) and others. The significance of learning from failure aligns with the extensive literature on second-chance entrepreneurship and reflective learning (Lattacher and Wdowiak, 2020). The research extends these outcomes by depicting that learning and resilience remain critical in India's context and that their impact can be quantified in a predictive model.

In cultural terms, (Damaraju *et al.,* 2023) and (Simmons *et al*., 2014) find that re-entry is suppressed by stigma and collectivism. Unlike many Western samples, the data recommend that a heavier penalty for failure is imposed by social norms. But, they don't find complete cultural paralysis, which reflects India's transitional position betwixt high- and low-stigma cultures.

One contrast with some previous studies is in the area of second-chance outcomes. Although much literature (Gottschalk and Müller, 2022) underscores that failure experience frequently results in better future performance, (Gottschalk and Müller, 2022) find the opposite in European data. The outcomes lean toward the

positive-learning view. However, the contradictory evidence cautions against overgeneralizing.

Notably, the inclusion of formal institutional measures (policy landscape and credit history) fills a gap in the literature, which has only recently begun to analyze entrepreneurship policy as a moderator of re-entry (Guerrero and Espinoza-Benavides, 2021). Therefore, this study adds empirical data on how failed entrepreneurs are affected by specific Indian policies and institutional features, which is an area in which existing research has been sparse.

5.5   Chapter Summary

In summary, the discussion ties the empirical outcomes of Chapter 4 back to theory and previous studies. As per Section 5.2, learning and psychological resilience enable entrepreneurial re-entry, whereas stigma and fear impede it, with institutional support moderating these effects. This section also emphasizes how restart decisions are influenced by national policies and regional economic conditions, as well as how the collectivist culture of India shapes these processes. The model suggests that contextual level factors and personal level factors interact to predict re-entry intention. The contextual level factors are institutional support, culture, and macro indicators; the personal level factors are FoF, resilience, and learning orientation. The results confirm most of the hypothesized pathways. For example, the expected negative pathway from fear to intention is confirmed. Resilience and learning exhibit positive pathways. Likewise, the moderation of institutional support of Figure 4.1 confirms the hypothesized model that psychological barriers are buffered by supportive policies.

CHAPTER VI

SUMMARY, IMPLICATIONS, AND RECOMMENDATIONS

6.1   Summary

This research examined the EE conditions in India and the individual experiences of entrepreneurs that influenced their decision to 're-enter' entrepreneurship after a failure. Hypotheses about the role of prior failure experience, formal institutional support (e.g., policies and financing), and cultural values (collectivism) in determining new business 're-entry' intentions were tested with a combination of large-scale GEM survey data and country-level measures. Quantitative analysis (multilevel modelling) showed that 're-entry' intentions were strongly predicted by prior failure. Individuals who previously failed at a venture were about 2.3 times as likely to try to begin a new 'SU' compared to individuals with no entrepreneurial experience. In other words, counter to an expectation of "giving up," entrepreneurs who had failed tended to be persistent and try again. Also, this effect was significantly moderated by ecosystem conditions. There tended to be higher baseline rates of new and returning entrepreneurs in countries where formal ecosystem policies supported institutional arrangements (e.g., policies to support business, making it easier to obtain financing). Conversely, collectivist cultures, cultures where greater social stigma is placed on failure, displayed lower overall engagement in entrepreneurship..

Focusing on India's case, the model paints a mixed picture. India has a moderate score in terms of formal support and a relatively high score in cultural

collectivism. Controlling for these factors, the observed EA for India was slightly lower than what would be predicted from the model (a negative residual). This indicated unmeasured barriers in India's ecosystem. For example, many entrepreneurs described difficulty in obtaining "second-chance" financing, slow bankruptcy resolution, and continued social stigma associated with failure. However, it is important to note that regardless, India has a relatively large sample of experienced entrepreneurs, yet India's approximately 8%–10% rate of SU participation is much lower than the ~15% global average. In contrast, the model still indicates that Indian entrepreneurs who have previously failed have the odds of re-engaging in the market considerably improved. The gap is particularly wide between experienced and novice entrepreneurs in terms of re-engagement (reflective of collectivist norms).

6.2 Implications

6.2.1 Theoretical Implications

This study makes contributions to entrepreneurship theory by combining the 'adaptive EE' perspective with the literature on failure and re-entry. Our work emphasizes that ecosystem-related factors shape resilience at the individual level. The findings echo the above view of context which indicates that an identical personal experience of failure yields different results depending on the institutional and cultural context they exist within. This research extends existing theory by showing how supportive policies and networks can convert failure into an opportunity for growth for the entrepreneur. The findings agree with current calls for the integration of ecosystem conditions to our models of entrepreneurial behaviour. The research helps us to refine our understanding of the 'entrepreneurial learning' dynamic by

empirically testing the synergy of prior failure and formal support; individuals, it appears, can learn from failure more thoroughly in supportive contexts and when opportunities are leveraged. These results add to theoretical debates on entrepreneurial perseverance. It is also suggests the systemic nature of entrepreneurship: that firms do not operate in isolation, and their re-entry following a failure is to a large matching with the contextual social, policy, and financial context.

6.2.2   Practical Implications

The findings provide practical implications for individuals who engage with entrepreneurs, such as practitioners, incubators, and ecosystem intermediaries. First, it is important to see that entrepreneurs who have failed one or more times generally become entrepreneurs again. Organizations such as support organizations should intentionally recruit these entrepreneurs and provide and support their training and mentoring. One example comes from the field of entrepreneurship, where history notes the benefits of pairing serial or returning entrepreneurs with mentors who have learned from their own failures. As stated in one analysis, re-entrepreneurs are generally resilient, but may need psychological and advisory assistance to overcome the trauma of failing. Incubators and universities can help expediate normalizing failing and reducing fear of aspiring founders by spreading stories about failure (e.g. reading about case studies or mining failure postmortems through workshops). This is especially important because experience becomes a competitive advantage if it has supportive environment.

Furthermore, entrepreneurs should be encouraged to tap into networks and their resources when recovering. Concerns regarding access to resources is frequently

raised as a challenge, supported by practitioners coaching founders that would not have taken advantage of new funding channels. Significantly, across India's digital finance industry, we are seeing reductions in barriers to credit, as fintech lenders and B2B platforms are increasingly utilizing AI-enabled credit scoring and other alternative data, to provide a loan to a business, in the absence of typical credit history. Thus, entrepreneurs and their advisors need to take advantage of these channels (i.e., applying to SU-specific funds, microfinance institutions and digital lending products), with a second-chance approach in focus. As briefly mentioned, the evidential support suggests seeing failure as "entrepreneurial schooling" – an opportunity to learn – and practitioners can support this re-entry, not only through solid technical and financial advice, but through emotional support as well.

6.2.3   Policy Implications

The results of this research indicate high-impact policy levers that will reinforce India's entrepreneurial ecosystem and facilitate opportunities for entrepreneurs to recover from failure. Addressing challenges in capital access and availability, institutional support, and cultural attitudes toward failures can promote a more adaptable and inclusive entrepreneurial ecosystem that supports entrepreneur reentry.

1. Institutionalizing Second-Chance Entrepreneurship Programs

The policy environment in India has explicitly promoted startups, however, there is limited action taken to mitigate the downside risk of failure, and help those who have failed recover. A separate second-chance entrepreneurship program should be built into national programs like Startup India and the Atal Innovation Mission (AIM). This second-chance entrepreneurship program could include the following features:

- Targeted re-entry grants and concessional loans for previously failed entrepreneurs with viable business models.

- Specialized "re-starter incubation programs" that focus on skill renewal, market repositioning, and strategic relaunch.

- Structured mentorship networks involving experienced serial entrepreneurs and industry professionals who can guide re-entrants through recovery.

By formally recognizing re-entrepreneurs as a distinct category, the policy ecosystem can provide tailored support that reduces the long-term economic and psychological cost of failure.

2. Expanding Access to Credit and Financial Flexibility

One of the issues in India is significant structural barrier in acquiring credit for small entrepreneurs and those with previous failures in their first attempt. To address this:

- Collateral-free credit schemes like MUDRA and the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) can be extended to include re-entrepreneurs as a recognized borrower group.

- Fintech-enabled credit scoring systems using alternative data sources should be supported to assess creditworthiness beyond traditional metrics.

- Create special style "Re-entry Credit Windows" for small entrepreneurs and re-entrepreneurs through public sector banks and SIDBI, which can offer expedited approvals, flexibility on repayment schedules and reduce burden from the process effectively for re-entrepreneurs.

These steps can transform credit access from a bottleneck into a growth enabler.

3. Reducing Cultural Stigma and Promoting Failure Acceptance

Even with financial and regulatory measures, social attitudes toward failure remain a significant deterrent to re-entry. Policymakers must actively de-stigmatize entrepreneurial failure through:

- National awareness campaigns showcasing success stories of entrepreneurs who rebounded after failure.

- Integrating failure narratives and recovery strategies into entrepreneurship education curricula at universities and incubation centers.

- Public–private collaborations to host "failure forums" that normalize setbacks and encourage collective problem-solving.

Shifting cultural narratives from shame to resilience can create an environment where entrepreneurs are more likely to return after a setback.

4. Strengthening Legal and Regulatory Mechanisms

Despite improvements like the Insolvency and Bankruptcy Code (IBC), many entrepreneurs still face lengthy and complex exit procedures. To improve this:

- Simplified insolvency procedures for small firms and startups should be prioritized.

- Legal and tax compliance structures should be aligned to minimize the penalty for first-time failure and incentivize transparent re-entry.

- State-level Re-entry Facilitation Cells could serve as single-window mechanisms to assist with regulatory and compliance needs during relaunch.

5. Embedding Re-Entry Metrics in Policy Evaluation

Current performance measures around India's startup ecosystem are geared towards only first-time entrepreneurs. It is important to take the following actions:

- Include "re-entry rates" and serial entrepreneurial outcomes in national-level startup ranking systems.

- Build incentive structures that reward perseverance, reflecting not only on first-time success.

- Track and evaluate re-entry programs through transparent disclosure reporting and impact assessment.

6.3   Limitations of the Study

There were many limitations to this study. First, the study's sample was restricted to current or former entrepreneurs in India, which limits the generalizability of the findings to other cultural settings or industries. Next, the cross-sectional survey method gathers intentions, instead of actual re-entry behaviours, meaning causal inferences should be interpreted cautiously. The study is also limited by self-reported measures (e.g., FoF) that are biased. In addition, unmeasured variables such as specific industries or personal networks influencing re-entry behaviour may be dependent on the multivariate factors assessed in the study. Finally, the country-specific focus on India limits the applicability of the findings to other regulatory contexts; however, the rich context studied provides a unique, and rich level of understanding to address the behaviors observed in emerging economies.

6.4   Recommendations for Future Research

- It is important for future studies to build on the quantitative findings with qualitative research. Next, the results will be tested through comparative research across geographical spaces (e.g., within India, across states). Both a cross-sectional survey about individual actors and country level country data from different contexts, could find out if the patterns seen in the research (e.g., a failure-learning effect) exist across location.

- The timing and durability of re-entry would be more effectively captured in longitudinal designs (e.g., how long after failure do entrepreneurs re-enter, and what are the outcomes?). Another option is to conduct experiments or field

experiments: for instance, causal evidence would be testing whether specific interventions (mentoring programs and credit subsidies) impact re-entry in practice. Future studies should employ more longitudinal methods instead of horizontal based on recent research.

- All failures are not alike and future studies should examine which components of a failed endeavor are most critical to re-entering. Authors recommend examining factors, such as the failing reason (either of the market or of management), the time span of the failed venture, the size of the venture at the time of failure, and the monetary loss. These components can potentially affect the entrepreneur's potential resilience or the stigma they experience.

- The model could consider additional variables. For example, because cultural norms around failure and risk often differ by gender, it could be interesting to explore the potential gender differences in re-entry. Likewise, new perspectives could arise from comparing urban vs. rural entrepreneurs, as well as industry-level conditions. Consideration of cross-level interactions is also interesting - future research could look at whether the country-level findings were moderated by the local context (e.g., state-level policies, community norms) or by social networking capacity.

- In addition to intentions, scholars should monitor the performance outcomes of re-entries: do firms established after failure appear to grow faster or survive longer than new SUs? Research would be more useful if studies included performance outcomes, such as survival, profitability, and innovation.

6.5   Conclusion

This chapter concludes by combining the research through a restatement of the central findings, implications for theory and practice, and recommendations for future research. Ultimately, the evidence demonstrates the need for cultivating an adaptive EE for entrepreneurs to recover from failure and start their businesses again. There were evident advantages in the Indian ecosystem (e.g., a significant talent pool, growing institutional support) and ongoing challenges (e.g., financial, cultural, and infrastructure) that consequently constrain re-entries. As Jha suggests, "India's ecosystem needs to create an environment of tolerance for well-intentioned failure". There could be considerable value in combining this culture of openness with concrete policy support.

Ultimately, the research adds to a general understanding of how individual learning (from failure) intersects with macro conditions to shape entrepreneurship. It reinforces the notion that well-structured forms of support – from credit programs to educational interventions – will transform failures into opportunities. The study also stresses that failure is not necessarily an end in the entrepreneurial journey, but rather a part of the journey, especially in a context that encourages resilience. As one finding suggests, "the overall level of entrepreneurial re-entry could rise substantially" if India improves formal support and lessens social (and family) stigma for failure.

Building on these understandings, stakeholders across various, government, and industry should work collectively to establish conditions where second chances are not simply feasible, but rather, are the norm. Emerging economies like India can nurture innovation and growth if they learn to fail and design ecosystems that learn as

they adapt. In summary, this research provides a baseline for that effort, indicating a path to a more accommodating, failure-tolerant entrepreneurial ecosystem.

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