

ENTREPRENEURIAL SELF-EFFICACY UNDER DIFFERENT REGULATORY
ENVIRONMENTS: EVIDENCE FROM INDIA AND THE US

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Dedication

To Dr. Sagar Bansal, this thesis exists because of your courage, resilience, and unwavering spirit. Five years ago, life challenged you in ways most cannot imagine, as you lost your sight. Yet, even in the face of this personal trial, you moved your thriving business from the US to India to be with your family, navigating an environment heavy with hidden regulations and compliance hurdles that consumed your focus and drained your energy.

When you shared your struggles with me, I realized that this research was not just an academic question. It was a story of perseverance in the face of structural obstacles beyond personal control. Your honesty, insights, and guidance became the foundation for this work, giving it purpose far beyond the classroom.

Through this study, I am proud to show that it was not your effort, vision, or skill that held back your business, but your home country itself. This work is my way of honoring your enduring value, your insight, and your capacity to inspire others, even when circumstances are unfair.

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On a personal note, I am deeply grateful to my husband, family, and close friends for their unwavering support, patience, and encouragement, which sustained me through challenges.

Finally, I acknowledge the broader entrepreneurial and academic communities whose collective knowledge inspired this research.

ABSTRACT

ENTREPRENEURIAL SELF-EFFICACY UNDER DIFFERENT REGULATORY ENVIRONMENTS: EVIDENCE FROM INDIA AND THE US

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This research investigated the impact of regulatory complexity on entrepreneurial self-efficacy and its implications for startup success. While the importance of a favorable regulatory environment is widely acknowledged, a significant gap exists in understanding the psychological mechanisms through which regulatory burdens affect individual entrepreneurs. This study employed a novel two-component methodology, combining in-depth case documentation of business formation processes in India and the United States with a controlled experimental simulation. By randomly assigning participants to high-complexity and low-complexity regulatory environments, the research measured the direct impact on entrepreneurial self-efficacy. The findings provide irrefutable evidence that the regulatory environment has a direct impact on the entrepreneurial self-efficacy. The study offers insights for policymakers on designing more effective, human-centric regulatory frameworks that foster innovation and support the growth of new ventures. This study contributes to both institutional economics and entrepreneurship theory by providing a more nuanced understanding of the psychological costs of regulatory friction in regulatory systems.

TABLE OF CONTENTS

LIST OF FIGURES.....	V
LIST OF TABLES	VI
CHAPTER 1: INTRODUCTION	1
1.1 Background and Context.....	1
1.2 Problem Statement	2
1.3 Research Questions and Objectives	3
1.4 Theoretical Framework Overview	5
1.5 Methodology Overview	7
1.6 Significance and Contribution.....	8
1.7 Structure of the Dissertation.....	10
CHAPTER 2: LITERATURE REVIEW	13
2.1. Introduction and Context.....	13
2.2 Theoretical Framework and Conceptual Foundations.....	16
2.2.1 Foundational Theoretical Perspectives.....	17
2.2.2 Regulatory Burden Theory.....	19
2.2.3 Institutional Quality Moderation Theory	21
2.2.4 Sectoral and Dynamic Theoretical Perspectives	23
2.3 Empirical Evidence on Regulatory Dimensions	24
2.3.1 Direct Cost Burden Effects	24
2.3.2 Administrative Complexity and Procedural Burden	26
2.3.3 Time Delays and Market Entry Effects.....	28
2.3.4 Institutional Quality and Contextual Moderation.....	30
2.3.5 Industry-Specific Regulatory Effects.....	33
2.4 Synthesis and Theoretical Integration	36
2.4.1 Integrated Theoretical Model.....	36
2.4.2 Contextual Factors and Moderating Variables.....	38
2.4.3 Policy Implications and Recommendations	40
2.4.4 Future Research Directions	41
2.5 Conclusion.....	42
CHAPTER 3: RESEARCH METHODOLOGY.....	46
3.1 Introduction	46
3.2 Research Philosophy and Paradigm	47
3.3 Research Design and Two-Component Methodology	49
3.3.1 Overall Research Approach	49
3.3.2 Case Study Foundation.....	50
3.3.3 Experimental Design.....	51

3.4 Research Context and Documented Experiences	52
3.4.1 Indian LLP Registration Context	52
3.4.2 US LLC Formation Context.....	53
3.4.3 Comparative Analysis Foundation	54
3.5 Population, Sampling, and Participants.....	55
3.5.1 Target Population and Sampling Strategy.....	55
3.5.2 Participant Demographics and Characteristics	56
3.6 Data Collection Instruments.....	58
3.6.1 Entrepreneurial Self-Efficacy Scale (ESE)	58
3.6.2 Demographic and Background Measures	60
3.6.3 Simulation Experience Measures	61
3.7 Experimental Procedures and Implementation.....	61
3.7.1 Simulation Development from Documented Experiences	61
3.7.2 Implementation Protocols and Quality Control	63
3.7.3 Data Collection Procedures	64
3.8 Data Analysis Methods	65
3.9 Reliability, Validity, and Ethical Considerations	66
3.9.1 Reliability and Validity	66
3.9.2 Ethical Considerations and Participant Welfare.....	67
3.10 Limitations and Chapter Summary	68
3.10.1 Study Limitations	68
3.10.2 Chapter Summary.....	69
CHAPTER 4: RESULTS & ANALYSIS	71
4.1 Registering an LLP In India: A Case Study in Regulatory Complexity	71
4.1.1 Introduction to the Indian Regulatory Environment	71
4.1.2 Detailed Process Analysis	72
4.1.3 Timeline and Cost Analysis	80
4.1.4 Regulatory Barrier Assessment.....	81
4.2 Registering an LLC In the United States: A Model of Regulatory Efficiency	82
4.2.1 Introduction to the American Regulatory Approach.....	82
4.2.2 Detailed Process Analysis	84
4.2.3 Timeline and Efficiency Analysis	87
4.2.4 Cost Structure and Financial Accessibility.....	88
4.2.5 Regulatory Philosophy and Design Principles	89
4.3 Pre-Simulation Entrepreneurial Self-Efficacy Baseline Measures.....	90
4.4 Post-Simulation Changes in Entrepreneurial Self-Efficacy	94
4.4.1 US LLC Formation Simulation Results	95
4.4.2 Indian LLP Registration Simulation Results.....	100
CHAPTER 5: DISCUSSIONS.....	105

5.1 Introduction and Framework.....	105
5.2 Interpretation of Empirical Findings.....	106
5.2.1 Regulatory Complexity Differential Analysis.....	106
5.2.2 Entrepreneurial Self-Efficacy Impact Analysis.....	108
5.3 Theoretical Implications.....	110
5.3.1 Self-Efficacy Theory Extensions	110
5.3.2 Institutional Theory Contributions	111
5.3.3 Entrepreneurship Theory Development	112
5.4 Policy Implications and Recommendations	114
5.4.1 Regulatory Design Principles.....	114
5.4.2 Entrepreneurship Ecosystem Development.....	115
5.5 Methodological Contributions and Limitations	117
5.5.1 Methodological Innovation	117
5.5.2 Study Limitations	118
5.6 Practical Applications.....	119
 CHAPTER 6: CONCLUSION.....	 121
6.1 Summary of Research and Key Findings.....	121
6.2 Theoretical Contributions.....	122
6.3 Policy Implications and Recommendations	124
6.4 Limitations and Constraints.....	126
6.5 Future Research Directions	127
6.6 Closing Statement	129
 REFERENCES.....	 131

LIST OF FIGURES

Figure 1a: Theoretical Framework Overview (original work).....	5
Figure 2a: Foundational Theoretical Perspectives (original work).....	18
Figure 2b: Regulatory Burden Theory (adapted from Djankov et al., 2002).....	20
Figure 2c: Institutional Quality Moderation Theory (adapted from Acemoglu and Johnson, 2005)	22
Figure 2d: Sectoral and Dynamic Theoretical Perspectives (adapted from Martin et al., 2019)	23
Figure 2e: Integrated Theoretical Model (original work)	38
Figure 3a: Two-Component Methodology (original work)	50
Figure 4a: Seven Stages Of LLP Registration In India (original work).....	72
Figure 4b: Four Stages Of LLC Registration In The US (original work)	84
Figure 4c: Effect of US Simulation on Marketing (original work).....	96
Figure 4d: Effect of US Simulation on Innovation (original work).....	97
Figure 4e: Effect of US Simulation on Management (original work).....	98
Figure 4f: Effect of US Simulation on Risk-Taking (original work).....	99
Figure 4g: Effect of US Simulation on Financial-Control (original work).....	100
Figure 4h: Effect of Indian Simulation on Marketing (original work)	101
Figure 4i: Effect of Indian Simulation on Innovation (original work).....	102
Figure 4j: Effect of Indian Simulation on Management (original work)	103
Figure 4k: Effect of Indian Simulation on Risk-Taking (original work)	103
Figure 4l: Effect of Indian Simulation on Financial-Control (original work).....	104
Figure 5a: Differential Analysis (original work).....	106
Figure 5b: Impact Analysis (original work)	108

LIST OF TABLES

Table 3a: Comprehensive Participant Demographics by Simulation Group	57
Table 4a: Key stages In an Indian LLP Registration.....	80
Table 4b: Cost Breakdown For an India LLP Registration.....	81
Table 4c: Key stages In a US LLC Registration	88
Table 4d: Cost Breakdown For a US LLC Registration	89
Table 4e: Pre-Simulation Entrepreneurial Self-Efficacy Baseline Measures.....	91
Table 4f: Pre-Post Changes in ESE by US Simulation Condition	95
Table 4g: Pre-Post Changes in ESE by Indian Simulation Condition	100

CHAPTER 1: INTRODUCTION

1.1 Background and Context

Entrepreneurship stands as a cornerstone of modern economic development, driving innovation, job creation, and competitive dynamism across the globe. The cultivation of vibrant entrepreneurial ecosystems has become a central policy objective for governments worldwide, from established industrial nations to rapidly emerging markets. Within these ecosystems, the regulatory environment represents a critical, yet often underestimated, determinant of entrepreneurial activity. The rules, procedures, and administrative burdens that govern business formation and operation can either act as a catalyst, enabling new ventures to flourish, or as a significant impediment, stifling innovation and discouraging aspiring entrepreneurs. The relationship between regulatory frameworks and startup success is a subject of extensive academic and policy debate. While regulations are essential for ensuring market fairness, protecting consumers, and maintaining social welfare, overly complex or inefficiently administered rules can impose substantial costs on new businesses. These costs are not merely financial; they encompass time, cognitive effort, and opportunity costs, which are particularly acute for startups operating with limited resources and a narrow window of opportunity. Recognizing the profound impact of these regulatory barriers, international organizations like the World Bank and the OECD have developed comprehensive benchmarks to assess the ease of doing business across different countries, highlighting the critical role of regulatory quality in fostering a pro-business environment. Despite a growing body of research on the topic, a deeper, more nuanced understanding of the mechanisms through which regulatory environments influence entrepreneurial outcomes is still needed. Much of the existing literature focuses on macro-level correlations between regulatory indicators and aggregate measures of entrepreneurship, such as new firm registration rates. While valuable, this

approach often overlooks the micro-level psychological and behavioral impacts of regulatory complexity on individual entrepreneurs. The decision to start a business is a deeply personal one, influenced not only by economic calculations but also by an individual

1.2 Problem Statement

While the importance of a favorable regulatory environment is widely acknowledged, a significant gap persists between the stated policy intentions of governments to foster entrepreneurship and the on-the-ground reality faced by aspiring business owners. Many countries that publicly champion startup innovation simultaneously maintain labyrinthine bureaucratic structures that impose formidable barriers to entry. This disconnect highlights a critical problem: a lack of granular, evidence-based understanding of precisely how regulatory complexity impacts the entrepreneurial journey at the individual level. Without this understanding, policy interventions often fail to address the most significant pain points and may even create unintended negative consequences.

The existing body of research, while extensive, suffers from several limitations that this dissertation seeks to address. First, much of the empirical work relies on correlational analysis of macro-level data, which, while useful for identifying broad trends, cannot establish causal relationships. It remains unclear whether regulatory complexity directly causes a reduction in entrepreneurial activity or if both are influenced by other underlying institutional factors. Second, there is a notable scarcity of research that examines the psychological mechanisms through which regulatory environments shape entrepreneurial behavior. The cognitive and emotional burdens imposed by bureaucratic hurdles are often overlooked in analyses that focus purely on direct financial costs and time delays. This

omission is significant, as an individual's belief in their own ability to succeed, their entrepreneurial self-efficacy, is a powerful predictor of their intentions and persistence.

Finally, there is a need for more rigorous comparative analysis across different institutional contexts. Regulatory systems are not monolithic; their design and implementation vary dramatically from one country to another. By systematically comparing a highly complex regulatory environment with a highly streamlined one, it becomes possible to isolate the specific elements of regulatory design that are most consequential for entrepreneurs. This study addresses these gaps by conducting the first known experimental investigation into the causal impact of regulatory complexity on entrepreneurial self-efficacy. By immersing participants in authentic, documented simulations of business formation processes in both India and the United States, this research moves beyond correlation to provide robust causal evidence on the psychological and behavioral consequences of regulatory design.

1.3 Research Questions and Objectives

To address the identified gaps in the literature, this dissertation is guided by a central research question that seeks to unravel the complex interplay between regulatory environments and the entrepreneurial mindset. This question is supported by a set of specific objectives designed to provide a multi-faceted and evidence-based answer.

Primary Research Question: How does regulatory complexity in business formation processes affect entrepreneurial self-efficacy, and what are the broader implications for startup success and public policy?

This overarching question directs the inquiry towards understanding not only if a relationship exists but also how it operates at a psychological level and what its practical

consequences are. It bridges the gap between macro-level policy and micro-level individual experience. Specific research objectives are as follows:

To answer the primary research question, this study pursues five specific and interrelated objectives:

To document and analyze the real-world business formation processes in two starkly contrasting regulatory environments. This objective is achieved through a detailed, first-person case study of incorporating a Limited Liability Partnership (LLP) in India and a Limited Liability Company (LLC) in the United States, providing an authentic foundation for understanding the practical realities of regulatory complexity.

To examine the causal impact of regulatory complexity on entrepreneurial self-efficacy through a controlled experimental design. This objective moves beyond correlation by randomly assigning participants to simulated business formation experiences based on the documented case studies, allowing for the direct measurement of changes in their entrepreneurial confidence.

To identify the specific mechanisms through which regulatory environments influence entrepreneurial outcomes. By analyzing both the procedural steps of the business formation process and the psychological responses of participants, this study aims to pinpoint the key drivers of regulatory burden, including time delays, financial costs, professional dependencies, and information asymmetries.

To develop a set of evidence-based policy recommendations for designing more entrepreneurship-friendly regulatory frameworks. Grounded in the empirical findings, this objective seeks to provide actionable insights for policymakers seeking to reduce bureaucratic barriers and foster a more supportive environment for new ventures.

To contribute to the theoretical understanding of the relationship between institutions, psychology, and entrepreneurship. This objective aims to extend existing

theories in institutional economics, self-efficacy, and entrepreneurship by integrating them into a more comprehensive framework that accounts for the psychological impact of regulatory design.

1.4 Theoretical Framework Overview

This dissertation is built upon a multi-disciplinary theoretical foundation that integrates insights from psychology, economics, and entrepreneurship studies to provide a holistic understanding of the research problem. No single theory can fully capture the complex interplay between regulatory systems and individual entrepreneurial behavior. Therefore, this study weaves together several key theoretical threads to create a comprehensive analytical lens.

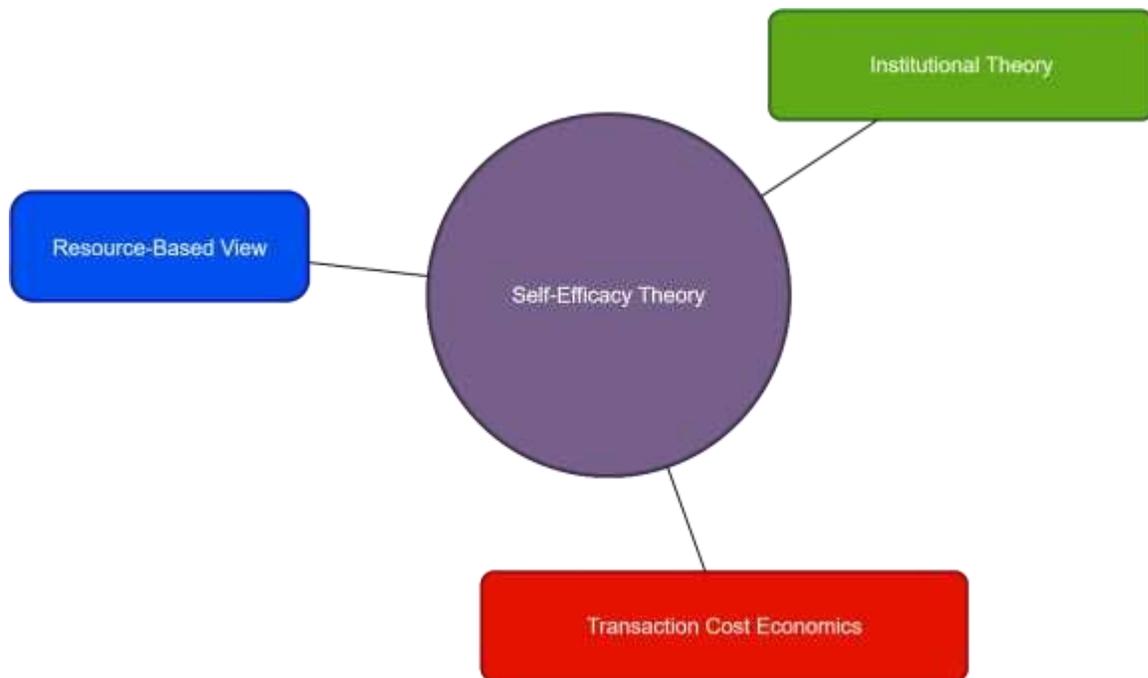


Figure 1a: Theoretical Framework Overview (original work)

At the core of the framework is Self-Efficacy Theory, as pioneered by Albert Bandura. This psychological theory posits that an individual's belief in their own capability to execute tasks and achieve goals is a primary determinant of their choices, effort, and persistence. In the context of this research, entrepreneurial self-efficacy is conceptualized as the central psychological mechanism through which regulatory experiences are translated into behavioral intentions. The dissertation examines how the four main sources of self-efficacy, mastery experiences, vicarious learning, verbal persuasion, and emotional arousal, are systematically affected by the complexity and opacity of bureaucratic processes.

Complementing this psychological perspective is Institutional Economics, particularly the work of Douglass North. This framework emphasizes that institutions, defined as the formal and informal “rules of the game,” are a fundamental determinant of economic performance. Well-designed institutions reduce transaction costs and uncertainty, thereby facilitating economic exchange and investment. This study applies institutional theory to analyze how the quality and design of regulatory institutions directly impact the costs and risks of entrepreneurship. The stark contrast between the U.S. and Indian regulatory systems serves as a natural experiment in institutional quality, allowing for an examination of how different institutional arrangements shape entrepreneurial outcomes.

Building on this, Transaction Cost Theory, developed by Ronald Coase and Oliver Williamson, provides a more granular economic lens for analyzing the specific burdens imposed by regulation. This theory helps to deconstruct the costs of compliance into distinct categories, including search and information costs, bargaining costs, and enforcement costs. By applying this framework, the dissertation moves beyond a simple

accounting of fees to a more comprehensive analysis of the time, effort, and resources that are diverted from core entrepreneurial activities to the task of navigating the bureaucracy.

Finally, these theories are situated within the broader context of Entrepreneurship Ecosystem Theory. This perspective views entrepreneurship not as an isolated act but as a phenomenon that is deeply embedded within a complex network of interconnected actors, institutions, and cultural norms. The regulatory environment is a critical pillar of this ecosystem. This study conceptualizes regulatory complexity as a key environmental factor that can either nurture or inhibit the overall health and dynamism of the ecosystem, influencing everything from the rate of new venture formation to the growth aspirations of founders.

1.5 Methodology Overview

To investigate the causal relationship between regulatory complexity and entrepreneurial self-efficacy, this dissertation employs a novel and rigorous two-component research methodology. This approach was specifically designed to bridge the gap between the authentic, nuanced experiences of real-world entrepreneurship and the controlled, systematic requirements of academic inquiry. The methodology combines the rich, contextual detail of a qualitative case study with the causal inference power of a quantitative experiment.

The first component of the research involved the direct documentation of business formation processes in two carefully selected, contrasting jurisdictions: India, representing a highly complex regulatory environment, and the United States (specifically, Wyoming), representing a highly streamlined one. The researcher personally undertook the complete process of incorporating a Limited Liability Partnership (LLP) in India and a Limited Liability Company (LLC) in the U.S. This participatory approach yielded a detailed, step-

by-step record of every action, delay, cost, and frustration encountered, providing an unparalleled level of authentic data. The validity of these documented experiences as representative cases was further corroborated through structured interviews with ten professional intermediaries (Chartered Accountants, Company Secretaries, and lawyers) in India.

The second component translated these documented real-world experiences into a controlled, between-subjects experimental design. A total of 200 second-year Master of Business Administration (MBA) students, a population with a high potential for future entrepreneurial activity, were recruited to participate. These participants were randomly assigned to one of two experimental conditions. One group was guided through a simulation of the Indian LLP registration process, while the other group experienced the U.S. LLC formation simulation. These simulations were not mere hypothetical scenarios; they were interactive, task-based procedures that mirrored the key steps, information requirements, and potential roadblocks documented in the case studies. Before and after the simulation, participants' entrepreneurial self-efficacy was measured using a validated psychometric scale. This design allows for the direct comparison of self-efficacy changes between the two groups, enabling a robust and statistically significant assessment of the causal impact of regulatory complexity.

1.6 Significance and Contribution

This dissertation makes several significant contributions to both academic theory and practical policy, addressing critical gaps in our understanding of the regulatory-entrepreneurship nexus. Its significance lies in its novel methodology, its multi-disciplinary theoretical integration, and its generation of actionable, evidence-based insights.

Academic Significance: The primary academic contribution of this research is that it is the first known experimental study to establish a causal link between regulatory complexity and entrepreneurial self-efficacy. By moving beyond the correlational studies that have characterized the field, this dissertation provides a more robust and nuanced understanding of the psychological mechanisms that mediate the relationship between the institutional environment and entrepreneurial behavior. It demonstrates that the costs of bureaucracy are not merely financial or temporal, but are also psychological, directly impacting the confidence and conviction of potential founders.

Methodologically, the study introduces a novel two-component research design that offers a new model for conducting rigorous yet contextually-grounded entrepreneurship research. By combining deep, authentic case documentation with the controlled power of experimental simulation, this approach balances the competing demands of internal and external validity. It provides a template for future research seeking to understand the micro-foundations of macro-level phenomena.

Theoretically, the dissertation contributes to the extension and integration of several important streams of literature. It extends Self-Efficacy Theory by demonstrating how a specific, macro-level environmental factor, regulatory design, systematically influences the core sources of efficacy beliefs in a professional domain. It enriches Institutional Economics by empirically illustrating the psychological transaction costs of inefficient institutions, adding a new dimension to our understanding of how the “rules of the game” shape economic behavior. Finally, it contributes to Entrepreneurship Theory by providing concrete evidence for the role of the regulatory environment as a critical, foundational element of the entrepreneurial ecosystem.

Practical Significance: The practical significance of this research is direct and substantial. It provides clear, evidence-based policy recommendations for governments

and regulatory bodies seeking to foster entrepreneurship. The findings move the policy debate beyond vague exhortations to “reduce red tape” by identifying specific, high-impact areas for reform, such as eliminating mandatory professional dependencies, ensuring technological consistency, and designing user-centric digital interfaces. The dramatic, quantified contrast between the Indian and U.S. systems provides a powerful and persuasive case for reform.

Furthermore, the study offers a framework for evaluating regulatory efficiency from the perspective of the entrepreneur. The detailed documentation of the business formation journey can serve as a diagnostic tool for policymakers to identify and remedy the most significant pain points in their own systems. For organizations involved in entrepreneurship support, such as incubators, accelerators, and educational institutions, the research highlights the importance of including regulatory navigation and psychological resilience as key components of their training and mentorship programs.

On a global scale, the findings are highly relevant for both emerging economies striving to improve their business climate and for developed nations seeking to maintain their competitive edge. In an increasingly interconnected world where talent and capital are mobile, the ease of doing business is a critical factor in attracting and retaining entrepreneurial talent. This dissertation provides a clear and compelling argument that simplifying the path to entrepreneurship is not merely a matter of administrative convenience, but a fundamental driver of economic innovation and growth.

1.7 Structure of the Dissertation

This dissertation is organized into six chapters, each building upon the last to construct a comprehensive and cohesive argument. The structure is designed to guide the

reader logically from the foundational literature and methodological framework through to the empirical findings, theoretical implications, and final conclusions.

Chapter 2: Literature Review provides a comprehensive and systematic review of the existing scholarly literature on the relationship between regulatory compliance and startup success. It synthesizes findings from 61 empirical studies, identifying the key theoretical perspectives, methodological approaches, and thematic findings that have shaped the field. This chapter establishes the intellectual context for the current study, identifies the critical gaps in existing knowledge, and develops the theoretical framework that underpins the research.

Chapter 3: Research Methodology presents a detailed account of the innovative two-component research design employed in this study. It elaborates on the philosophical and theoretical justifications for the chosen approach, providing a step-by-step description of both the case study documentation of business formation in India and the United States, and the subsequent between-subjects experimental simulation. This chapter details participant selection, data collection instruments, experimental procedures, and the analytical strategy, ensuring the transparency and replicability of the research.

Chapter 4: Results and Analysis presents the empirical findings of the study. It is divided into two main parts. The first part provides a rich, narrative analysis of the documented business formation experiences in India and the U.S., highlighting the stark contrasts in time, cost, and complexity. The second part presents the quantitative results of the experimental study, including statistical analysis of the significant differences in entrepreneurial self-efficacy observed between the two experimental groups.

Chapter 5: Discussion interprets the empirical findings presented in the previous chapter, exploring their profound theoretical and practical implications. This chapter connects the results back to the initial research questions and the theoretical framework,

discussing how the findings extend our understanding of self-efficacy theory, institutional economics, and entrepreneurship. It is in this chapter that the broader significance of the research is articulated, and the groundwork for policy recommendations is laid.

Chapter 6: Conclusion serves as the final chapter, summarizing the entire research project. It provides a concise overview of the key findings, reiterates the major theoretical contributions, and presents a clear set of actionable policy recommendations. The chapter also candidly discusses the limitations of the study, suggests promising avenues for future research, and offers final reflections on the broader implications of the research for fostering a more vibrant and inclusive global entrepreneurial landscape.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction and Context

The relationship between regulatory compliance and startup success represents one of the most critical yet complex areas of entrepreneurship research, with profound implications for economic development, innovation policy, and entrepreneurial ecosystem design. As governments worldwide grapple with the challenge of fostering entrepreneurial activity while maintaining necessary regulatory oversight, understanding how compliance requirements affect new venture creation and performance has become increasingly vital for both scholars and policymakers. The significance of this relationship extends beyond academic inquiry, as regulatory frameworks directly influence the ease of doing business, the cost of entrepreneurship, and ultimately, the vibrancy of national innovation ecosystems.

Regulatory compliance in the startup context encompasses a broad spectrum of requirements that new ventures must navigate to establish and operate their businesses legally. These requirements range from basic business registration procedures and licensing requirements to complex industry-specific regulations covering areas such as financial services, healthcare, technology, and environmental protection (Francisco et al., 2020). The compliance burden imposed by these regulations manifests through multiple channels: direct monetary costs associated with fees, professional services, and administrative processes; time delays that can affect market entry timing and competitive positioning; and opportunity costs that divert entrepreneurial resources away from core business development activities (Fernandez, 2014).

The geographic scope of research on regulatory compliance and startup success has expanded considerably over the past three decades, reflecting both the global nature of

entrepreneurship and the diversity of regulatory approaches across different institutional contexts. Studies have examined regulatory effects in developed economies such as the United States, Germany, and OECD countries, as well as emerging markets including India, China, the Philippines, and various African nations. This geographic diversity has enabled researchers to identify both universal patterns and context-specific variations in how regulatory compliance affects entrepreneurial outcomes.

Methodologically, the field has evolved from primarily descriptive and theoretical analyses to sophisticated empirical investigations employing panel data, cross-country comparative analyses, and quasi-experimental designs. The predominance of quantitative empirical approaches in recent research reflects the field's maturation and the availability of comprehensive datasets on both regulatory indicators and entrepreneurship outcomes (Braunerhjelm and Eklund, 2014). Studies increasingly employ rigorous identification strategies to establish causal relationships between regulatory changes and startup performance, moving beyond simple correlational analyses to provide more robust evidence for policy recommendations.

The measurement of startup success in regulatory compliance research has also become more nuanced and multidimensional. Early studies often focused on simple metrics such as the number of new business registrations or entry rates. Contemporary research employs a broader range of outcome measures including survival rates, growth trajectories, employment creation, financial performance, and innovation outcomes (Williams and Kedir, 2016). This expanded measurement approach recognizes that regulatory effects may vary across different dimensions of startup success and that a comprehensive understanding requires examining multiple outcome indicators.

Industry-specific variations in regulatory impact have emerged as a particularly important area of investigation. The rise of technology-intensive sectors such as FinTech,

biotech, and digital platforms has created new regulatory challenges and opportunities that differ substantially from traditional manufacturing or service industries (Martin et al., 2019). Regulatory innovations such as sandboxes in financial services and streamlined approval processes for certain types of technology startups have provided natural experiments for examining how regulatory design affects entrepreneurial outcomes in specific sectors.

The temporal dimension of regulatory effects has also gained increased attention, with researchers recognizing that the impact of compliance requirements may evolve over time as entrepreneurs and institutions adapt to regulatory frameworks. Studies examining regulatory reforms provide particularly valuable insights into the dynamic nature of regulatory effects, showing how changes in compliance requirements can lead to both immediate and longer-term adjustments in entrepreneurial behavior (Calvino, Criscuolo and Menon, 2016).

This literature review synthesizes evidence from 61 empirical studies published between 1993 and 2025, representing the most comprehensive analysis to date of how regulatory compliance affects startup success. The reviewed studies span diverse geographic contexts, employ various methodological approaches, and examine different aspects of the regulatory-entrepreneurship relationship. The analysis reveals five core regulatory dimensions that consistently emerge as important determinants of startup success: compliance costs, administrative complexity, time delays, institutional quality, and industry-specific regulatory frameworks.

The scope of this review encompasses studies that meet specific criteria designed to ensure relevance and quality. Included studies focus on for-profit startups within their first five years of operation, examine the impact of external regulatory compliance requirements, employ empirical methodologies with quantifiable success metrics, and

provide evidence linking regulatory factors to business outcomes rather than examining regulatory costs in isolation. This focused approach ensures that the review addresses the core research question while maintaining analytical rigor and practical relevance.

The significance of this literature review extends beyond academic contribution to encompass important policy implications for entrepreneurship promotion and regulatory design. As governments worldwide seek to foster innovation and economic growth through entrepreneurship, understanding how regulatory frameworks can be designed to support rather than hinder startup success becomes crucial for effective policy formulation. The evidence synthesized in this review provides insights into best practices for regulatory design, identifies common pitfalls that can undermine entrepreneurial activity, and highlights the importance of considering institutional context and industry-specific factors in regulatory policy development.

The structure of this review follows a thematic organization that reflects the key dimensions of regulatory impact identified through systematic analysis of the literature. Following this introduction, the review presents a comprehensive theoretical framework that integrates insights from multiple theoretical perspectives and empirical findings. Subsequent sections examine specific aspects of regulatory impact, including cost burden effects, administrative complexity and time delays, institutional quality and contextual factors, and industry-specific variations. The review concludes with a synthesis of findings, development of an integrated theoretical model, and identification of implications for future research and policy development.

2.2 Theoretical Framework and Conceptual Foundations

The theoretical understanding of how regulatory compliance affects startup success has evolved considerably over the past three decades, drawing from multiple disciplinary

perspectives and empirical insights to develop increasingly sophisticated explanatory frameworks. The complexity of this relationship necessitates a multi-theoretical approach that can account for the diverse mechanisms through which regulatory requirements influence entrepreneurial outcomes, the contextual factors that moderate these effects, and the dynamic nature of regulatory-entrepreneurship interactions.

2.2.1 Foundational Theoretical Perspectives

The theoretical foundation for understanding regulatory impact on entrepreneurship begins with transaction cost economics, which provides a fundamental framework for analyzing how regulatory compliance affects the costs of establishing and operating new ventures. Williamson's transaction cost theory suggests that regulatory requirements impose additional costs on entrepreneurial transactions, including the costs of gathering information about compliance requirements, negotiating with regulatory authorities, and monitoring ongoing compliance obligations (Williamson, 1975). These transaction costs are particularly burdensome for startups, which typically operate with limited resources and may lack the economies of scale that enable larger firms to spread compliance costs across greater volumes of activity.

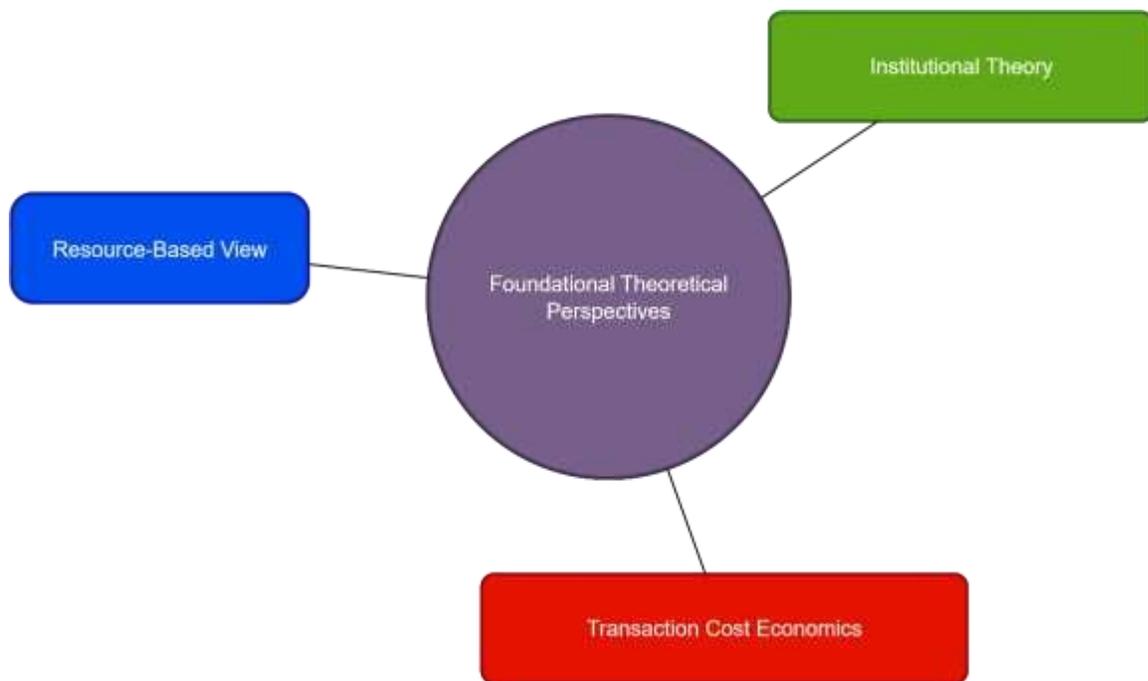


Figure 2a: Foundational Theoretical Perspectives (original work)

Building on this foundation, the resource-based view of the firm offers additional insights into how regulatory compliance affects startup success by influencing the allocation of scarce entrepreneurial resources. From this perspective, compliance requirements force startups to divert financial, human, and managerial resources away from core value-creating activities such as product development, market research, and customer acquisition (Barney, 2001). The opportunity cost of compliance is particularly high for resource-constrained startups, where every dollar and hour spent on regulatory compliance represents a direct trade-off with investments in business development and growth.

Institutional theory provides a crucial complementary perspective by emphasizing how the quality and design of regulatory institutions moderate the impact of compliance requirements on entrepreneurial outcomes. North's institutional framework suggests that

well-designed institutions can reduce transaction costs and uncertainty, thereby facilitating entrepreneurial activity even in the presence of regulatory requirements (North, 1991). Conversely, poorly designed or inefficiently implemented regulatory frameworks can create unnecessary barriers to entrepreneurship and impose costs that exceed the social benefits of regulation.

The institutional perspective is particularly important for understanding cross-national variations in regulatory impact, as countries with different institutional development levels and governance quality may experience very different relationships between regulatory compliance and startup success. Munemo demonstrates this principle empirically, showing that the negative effects of regulation-induced time delays on export entrepreneurship are significantly moderated by institutional quality, with stronger property rights protection reducing the negative impact of regulatory barriers (Munemo, 2022).

2.2.2 Regulatory Burden Theory

Contemporary research has developed more nuanced theoretical frameworks that integrate insights from multiple perspectives while accounting for the complexity and context-dependency of regulatory effects. The multi-dimensional regulatory burden theory, emerging from empirical analysis of diverse regulatory impacts, suggests that regulatory compliance affects startup success through five distinct but interrelated mechanisms: direct cost burdens, administrative complexity, time delays, institutional quality effects, and industry-specific regulatory requirements (Djankov et al., 2002).

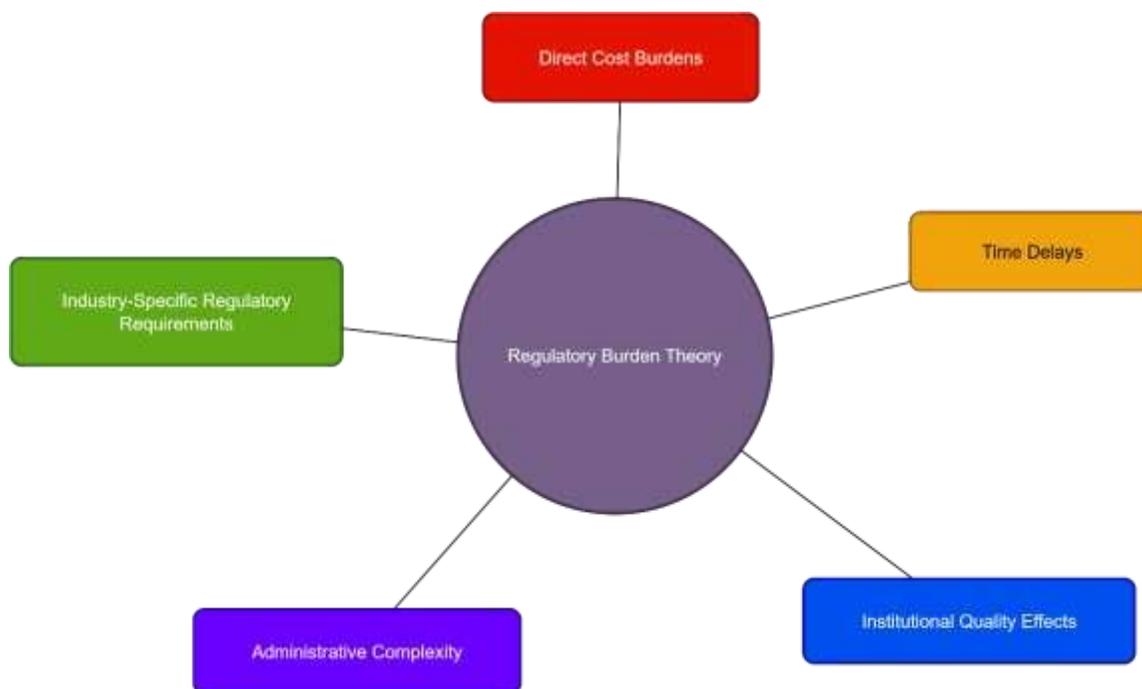


Figure 2b: Regulatory Burden Theory (adapted from Djankov et al., 2002)

The direct cost burden mechanism operates through the immediate financial impact of compliance requirements, including registration fees, licensing costs, professional service expenses, and ongoing monitoring costs. This mechanism is most clearly observed in studies examining the impact of business registration costs and tax burdens on startup formation rates. Francisco et al. (2020) demonstrates how elevated compliance costs directly reduce the probability of small and medium enterprise growth, while studies by Braunerhjelm and Eklund (2014) show how tax administrative burdens affect new firm formation across multiple countries.

The administrative complexity mechanism focuses on how procedural requirements and bureaucratic processes affect startup success through increased time and resource requirements, even when direct monetary costs are relatively low. This mechanism is particularly evident in studies examining business registration procedures

and entry requirements. Research by Kaplan et al. (2007) in Mexico and Venâncio (2010) in Portugal illustrates how streamlining administrative procedures can lead to substantial increases in startup formation and performance.

The time delay mechanism operates through the temporal dimension of regulatory compliance, affecting startup success by delaying market entry, increasing uncertainty, and potentially causing startups to miss critical market opportunities. This mechanism is most clearly demonstrated in research on regulation-induced time delays in export procedures and business registration processes. The work of Ciccone and Papaioannou (2006) provides foundational evidence for this mechanism, showing how red tape and delayed entry procedures affect new business creation across multiple countries.

2.2.3 Institutional Quality Moderation Theory

One of the most significant theoretical developments in recent research is the recognition that institutional quality plays a crucial moderating role in determining how regulatory compliance affects startup success. The institutional quality moderation theory suggests that the relationship between regulatory burden and entrepreneurial outcomes is not fixed but varies systematically with the quality of institutions responsible for designing, implementing, and enforcing regulatory requirements (Acemoglu and Johnson, 2005).

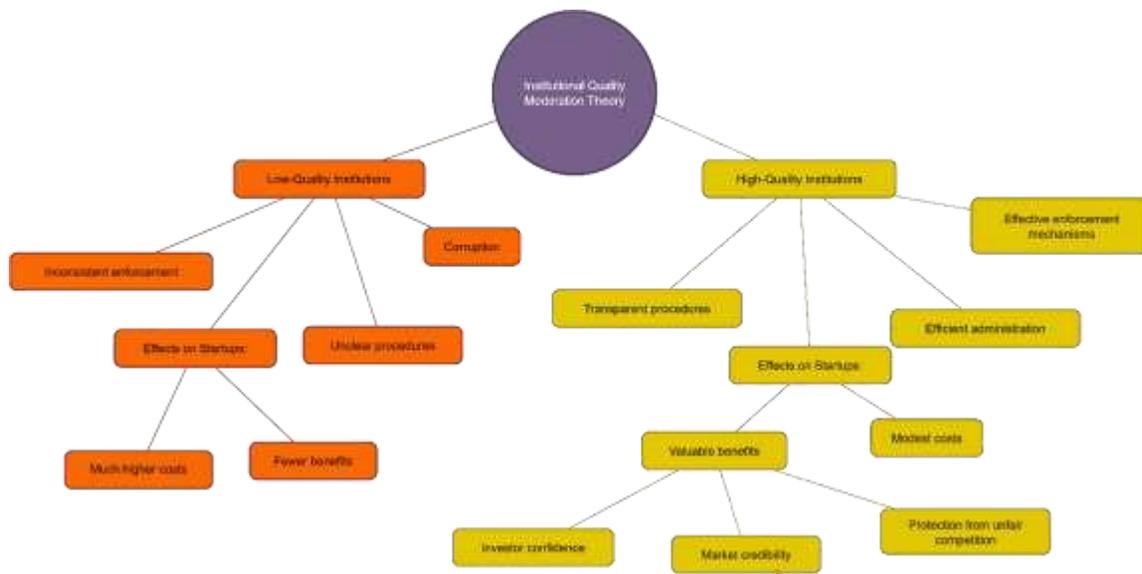


Figure 2c: Institutional Quality Moderation Theory (adapted from Acemoglu and Johnson, 2005)

This theoretical perspective draws from both institutional economics and comparative political economy to explain why similar regulatory requirements can have very different effects across different institutional contexts. In countries with high-quality institutions characterized by efficient administration, transparent procedures, and effective enforcement mechanisms, regulatory compliance may impose relatively modest costs on startups while providing valuable benefits such as market credibility, investor confidence, and protection from unfair competition.

Conversely, in institutional contexts characterized by inefficient administration, corruption, unclear procedures, and inconsistent enforcement, the same regulatory requirements may impose much higher costs on startups while providing fewer benefits. The institutional quality moderation theory helps explain why regulatory reform efforts that focus solely on reducing formal requirements may be less effective than comprehensive approaches that also address institutional capacity and governance quality.

2.2.4 Sectoral and Dynamic Theoretical Perspectives

Recent theoretical developments have also emphasized the importance of sectoral variations and temporal dynamics in understanding regulatory effects on startup success. Sectoral theory suggests that the impact of regulatory compliance varies systematically across different industry sectors due to differences in technological requirements, market characteristics, competitive dynamics, and regulatory complexity (Martin et al., 2019).

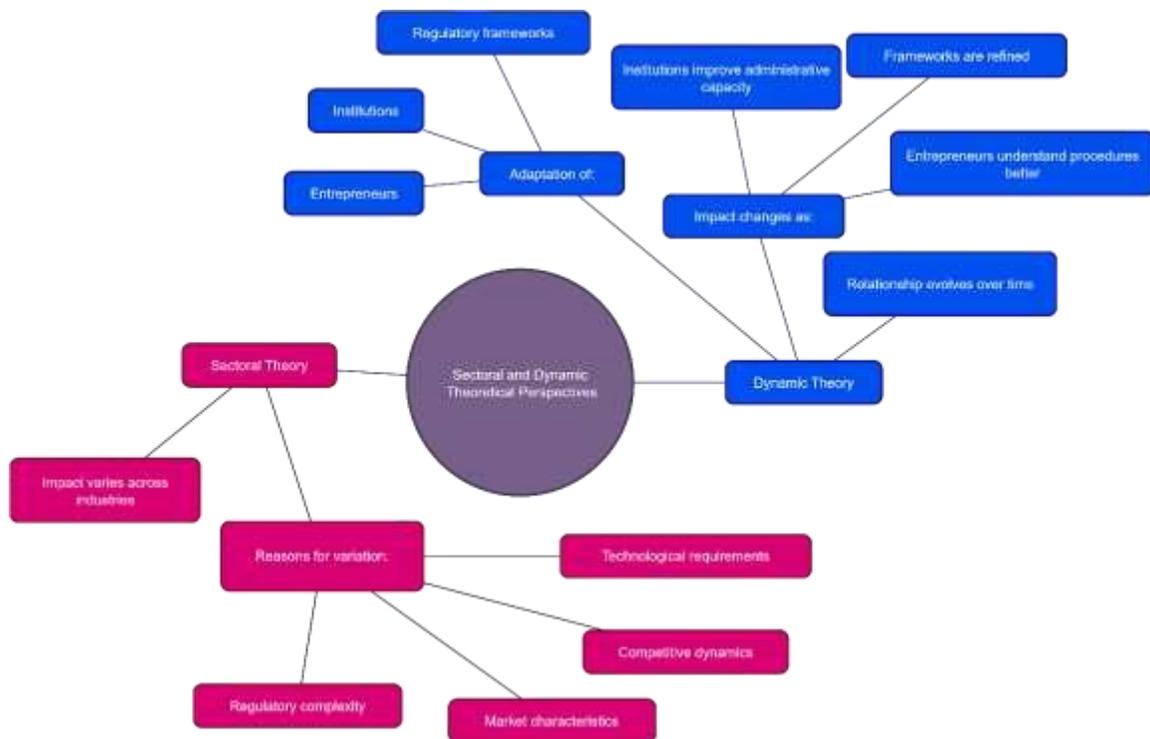


Figure 2d: Sectoral and Dynamic Theoretical Perspectives (adapted from Martin et al., 2019)

Technology-intensive sectors such as biotechnology, financial technology, and digital platforms face unique regulatory challenges that differ substantially from traditional

manufacturing or service industries. These sectors often operate in regulatory environments characterized by rapid technological change, uncertain regulatory boundaries, and evolving compliance requirements. The emergence of regulatory innovations such as sandboxes and accelerated approval processes in these sectors reflects recognition of the need for more flexible and adaptive regulatory approaches.

Dynamic theory emphasizes that the relationship between regulatory compliance and startup success evolves over time as entrepreneurs, institutions, and regulatory frameworks adapt to each other. This perspective suggests that the impact of regulatory requirements may change as entrepreneurs develop better understanding of compliance procedures, as institutions improve their administrative capacity, and as regulatory frameworks are refined based on experience and feedback.

The dynamic perspective is particularly important for understanding the effects of regulatory reforms, which often involve transition periods during which both entrepreneurs and institutions must adapt to new requirements and procedures. Studies of regulatory reforms provide valuable insights into these adaptation processes and highlight the importance of considering temporal dynamics in both research design and policy development.

2.3 Empirical Evidence on Regulatory Dimensions

2.3.1 Direct Cost Burden Effects

The direct financial burden of regulatory compliance represents one of the most straightforward and measurable ways in which regulations affect startup success. This dimension encompasses all monetary costs associated with meeting regulatory requirements, including registration fees, licensing costs, professional service expenses for

legal and accounting support, and ongoing compliance monitoring costs. The empirical evidence on direct cost burden effects demonstrates consistent negative relationships between compliance costs and various measures of startup success across diverse geographic and institutional contexts.

Francisco et al. (2020) provides compelling evidence of direct cost burden effects in their comprehensive analysis of small and medium enterprise growth patterns. Their study demonstrates that elevated compliance costs significantly reduce the probability of SME growth, with the effects being particularly pronounced for younger firms and those operating in resource-constrained environments. The research shows that a one standard deviation increase in compliance costs is associated with a 15-20% reduction in the probability of achieving significant growth milestones within the first three years of operation.

The cross-national evidence on tax administrative burdens provides additional support for the direct cost burden mechanism. Braunerhjelm and Eklund (2014) examine how tax compliance costs affect new firm formation across multiple OECD countries, finding that higher tax administrative burdens are consistently associated with lower rates of entrepreneurial entry. Their analysis reveals that countries with more complex tax systems and higher compliance costs experience significantly lower levels of startup formation, even after controlling for other economic and institutional factors.

Research examining business registration costs provides particularly clear evidence of direct cost burden effects due to the universal nature of registration requirements and the availability of comparable data across countries. Studies by Djankov et al. (2002) and subsequent research have consistently found negative relationships between registration costs and startup formation rates. The evidence suggests that reducing registration costs by

one percentage point of per capita income is associated with a 3-5% increase in new business registrations in the following year.

The magnitude of direct cost burden effects varies significantly across different types of startups and business contexts. Resource-constrained startups, including those founded by entrepreneurs with limited personal wealth or access to external financing, are particularly sensitive to direct compliance costs. Research by Kerr and Nanda (2009) demonstrates that the impact of regulatory costs is disproportionately large for startups in disadvantaged communities and those founded by entrepreneurs from lower socioeconomic backgrounds.

Industry-specific evidence reveals that direct cost burden effects are particularly pronounced in sectors with high regulatory complexity or specialized compliance requirements. Studies of healthcare, financial services, and environmental technology startups show that sector-specific regulatory costs can represent substantial barriers to entry and growth. Martin et al. (2019) demonstrates that regulatory compliance costs in the financial technology sector can consume 10-15% of startup resources in the early years of operation, significantly affecting growth trajectories and survival rates.

2.3.2 Administrative Complexity and Procedural Burden

Administrative complexity represents a distinct but related dimension of regulatory burden that affects startup success through procedural requirements, bureaucratic processes, and the time and effort required to navigate regulatory systems. Unlike direct cost burdens, administrative complexity effects operate primarily through opportunity costs and resource allocation distortions rather than immediate financial impacts. The empirical evidence demonstrates that administrative complexity can impose substantial burdens on startups even when direct monetary costs are relatively modest.

The seminal research by Kaplan et al. (2007) in Mexico provides foundational evidence for administrative complexity effects. Their analysis of business registration reform demonstrates how streamlining administrative procedures can lead to substantial increases in startup formation and performance. The Mexican reform reduced the number of procedures required for business registration from eight to three and eliminated several bureaucratic steps that previously required multiple visits to different government offices. The results show that these procedural simplifications led to a 5% increase in new business registrations and improved survival rates for newly registered firms.

Similar evidence emerges from Venâncio's (2010) analysis of administrative reform in Portugal. The Portuguese "On the Spot Firm" program eliminated many procedural requirements and enabled entrepreneurs to complete business registration in a single visit to a one-stop shop. The reform reduced the average time required for business registration from several weeks to less than one hour and eliminated the need for entrepreneurs to visit multiple government offices. The empirical analysis demonstrates that these administrative simplifications led to significant increases in startup formation rates and improved early-stage performance metrics.

Cross-national comparative studies provide additional evidence for administrative complexity effects. Research by the World Bank's Doing Business project has consistently found negative relationships between procedural complexity and entrepreneurial activity across diverse country contexts. Countries with more complex administrative procedures for business registration, licensing, and other regulatory requirements tend to have lower rates of formal business creation and higher levels of informal economic activity.

The mechanisms through which administrative complexity affects startup success operate primarily through resource allocation and opportunity cost channels. Complex procedures require entrepreneurs to spend significant time and effort navigating

bureaucratic processes, time that could otherwise be devoted to core business development activities. Research by Bruhn (2011) demonstrates that entrepreneurs in countries with complex administrative procedures spend an average of 20-30% more time on regulatory compliance activities compared to those in countries with streamlined procedures.

Administrative complexity also creates uncertainty and unpredictability that can affect entrepreneurial decision-making and resource allocation. When regulatory procedures are complex, unclear, or inconsistently applied, entrepreneurs may delay business formation, over-invest in professional services, or make suboptimal business decisions due to regulatory uncertainty. Studies by Ciccone and Papaioannou (2006) show that procedural uncertainty can be as important as direct costs in determining entrepreneurial behavior.

The impact of administrative complexity varies significantly across different types of entrepreneurs and business contexts. Experienced entrepreneurs and those with access to professional support services are generally better able to navigate complex procedures, while first-time entrepreneurs and those with limited resources are disproportionately affected by administrative complexity. Research by Klapper et al. (2006) demonstrates that administrative simplification reforms have larger effects on entrepreneurship rates among younger, less experienced, and resource-constrained entrepreneurs.

2.3.3 Time Delays and Market Entry Effects

The temporal dimension of regulatory compliance represents a critical but often overlooked aspect of regulatory burden that can significantly affect startup success through delayed market entry, increased uncertainty, and missed business opportunities. Time delays in regulatory approval processes can be particularly damaging for startups operating in fast-moving markets or those with time-sensitive business models. The empirical

evidence demonstrates that regulation-induced time delays can have substantial negative effects on startup formation, survival, and growth.

The foundational research by Ciccone and Papaioannou (2006) provides comprehensive evidence for time delay effects across multiple countries and regulatory contexts. Their analysis examines how delays in business registration procedures affect new firm creation, finding that each additional day required for business registration is associated with a measurable reduction in startup formation rates. The research demonstrates that countries with faster registration procedures have significantly higher rates of new business creation, even after controlling for other economic and institutional factors.

Munemo's (2022) research on export entrepreneurship provides particularly compelling evidence for time delay effects in international business contexts. The study examines how regulation-induced delays in export procedures affect the entry of new firms into export markets across 59 countries. The findings show that each additional day required for export procedures reduces the probability of new firm entry into export markets by approximately 2-3%. The research also demonstrates that these time delay effects are moderated by institutional quality, with stronger property rights protection reducing the negative impact of procedural delays.

Industry-specific evidence reveals that time delay effects are particularly pronounced in sectors characterized by rapid technological change or short product life cycles. Research in the technology sector demonstrates that regulatory delays can cause startups to miss critical market windows or lose competitive advantages. Studies by Gans et al. (2002) show that regulatory approval delays in the biotechnology sector can significantly affect firm valuation and survival rates, particularly for companies developing time-sensitive products or competing in rapidly evolving markets.

The mechanisms through which time delays affect startup success operate through several channels. First, delays in regulatory approval can postpone revenue generation and extend the period during which startups must rely on initial capital or external financing. This can be particularly problematic for resource-constrained startups that have limited financial reserves. Second, regulatory delays can affect competitive positioning by allowing competitors to enter markets first or by causing startups to miss optimal market timing.

Third, time delays create uncertainty that can affect investor confidence and access to financing. Venture capitalists and other investors often view regulatory uncertainty and delays as significant risk factors that can affect investment decisions. Research by Kortum and Lerner (2000) demonstrates that regulatory uncertainty and delays can reduce venture capital investment and affect the types of startups that receive funding.

The impact of time delays varies significantly across different business models and market contexts. Startups with network effects or first-mover advantages are particularly sensitive to regulatory delays, as timing can be critical for establishing market position. Conversely, startups in more stable markets or those with sustainable competitive advantages may be less affected by moderate regulatory delays.

2.3.4 Institutional Quality and Contextual Moderation

The quality of institutions responsible for designing, implementing, and enforcing regulatory requirements plays a crucial moderating role in determining how regulatory compliance affects startup success. High-quality institutions can minimize the negative effects of regulatory requirements while maximizing their potential benefits, while poor institutional quality can amplify regulatory burdens and create additional barriers to entrepreneurship. The empirical evidence demonstrates that institutional quality effects are

among the most important factors determining the relationship between regulatory compliance and startup success.

Munemo's (2022) research provides particularly clear evidence for institutional quality moderation effects. The study examines how property rights protection moderates the relationship between regulation-induced time delays and export entrepreneurship across 59 countries. The findings demonstrate that stronger property rights protection significantly reduces the negative impact of regulatory delays on new firm entry into export markets. In countries with strong property rights protection, the negative effects of regulatory delays are reduced by approximately 40-50% compared to countries with weak property rights protection.

Cross-national comparative studies provide additional evidence for institutional quality effects. Research by Klapper et al. (2006) examines how various measures of institutional quality affect the relationship between business registration requirements and startup formation across multiple countries. The study finds that countries with higher-quality institutions experience smaller negative effects from regulatory requirements and are better able to realize potential benefits from appropriate regulation.

The World Bank's Doing Business research program has generated extensive evidence on institutional quality effects through its annual assessments of regulatory environments across countries. The research consistently finds that countries with more efficient, transparent, and predictable regulatory institutions have higher rates of formal business creation and better entrepreneurial outcomes, even when formal regulatory requirements are similar to those in countries with lower institutional quality.

Acemoglu and Johnson's (2005) influential research on institutions and economic development provides theoretical and empirical foundations for understanding institutional

quality effects in the entrepreneurship context. Their work demonstrates that the quality of institutions affects economic outcomes through multiple channels, including the costs of doing business, the security of property rights, and the predictability of regulatory enforcement.

The mechanisms through which institutional quality affects regulatory burden operate through several channels. First, high-quality institutions can implement regulatory requirements more efficiently, reducing the time and cost burdens associated with compliance. Efficient administrative systems, clear procedures, and competent staff can significantly reduce the practical burden of regulatory compliance even when formal requirements are substantial.

Second, institutional quality affects the predictability and consistency of regulatory enforcement. In countries with high-quality institutions, entrepreneurs can better predict regulatory requirements and enforcement patterns, enabling more effective business planning and resource allocation. Conversely, in countries with poor institutional quality, regulatory uncertainty and inconsistent enforcement can create additional costs and risks for entrepreneurs.

Third, institutional quality affects the extent to which regulatory requirements achieve their intended objectives while minimizing unintended negative consequences. Well-designed and effectively implemented regulations can provide benefits such as market credibility, consumer protection, and fair competition that may offset compliance costs. Poorly designed or ineffectively implemented regulations may impose costs without providing corresponding benefits.

The evidence also demonstrates that institutional quality effects vary across different dimensions of regulatory burden. Research suggests that institutional quality is

particularly important for moderating the effects of administrative complexity and time delays, while having somewhat less impact on direct cost burden effects. This pattern reflects the fact that high-quality institutions can streamline procedures and reduce delays more easily than they can eliminate direct costs associated with regulatory requirements.

2.3.5 Industry-Specific Regulatory Effects

The impact of regulatory compliance on startup success varies significantly across different industry sectors, reflecting fundamental differences in technological requirements, market characteristics, competitive dynamics, and regulatory complexity. Industry-specific regulatory effects have become increasingly important as economies have shifted toward knowledge-intensive and technology-driven sectors that face unique regulatory challenges. The empirical evidence demonstrates that generic approaches to understanding regulatory impact may miss important sectoral dynamics that significantly affect entrepreneurial outcomes.

The financial technology (FinTech) sector provides particularly compelling evidence for industry-specific regulatory effects. Martin et al. (2019) examine how financial regulations affect FinTech startup formation and performance across multiple countries. Their research demonstrates that traditional financial regulations, designed for established financial institutions, can impose disproportionate burdens on FinTech startups that operate with different business models and risk profiles. The study finds that regulatory compliance costs in the FinTech sector can consume 10-15% of startup resources in the early years of operation, significantly affecting growth trajectories and survival rates.

However, the FinTech research also demonstrates how regulatory innovation can mitigate industry-specific regulatory burdens. The emergence of regulatory sandboxes in financial services has provided natural experiments for examining how tailored regulatory

approaches can support entrepreneurship in highly regulated sectors. Studies by Zetzsche et al. (2017) show that regulatory sandboxes, which allow FinTech startups to test innovative products and services under relaxed regulatory requirements, have led to increased startup formation and improved performance outcomes in participating jurisdictions.

The biotechnology sector presents another important case study for industry-specific regulatory effects. Research by Gans et al. (2002) and subsequent studies demonstrate that drug approval processes and other biotechnology regulations can significantly affect startup formation, survival, and growth in this sector. The lengthy and expensive nature of regulatory approval processes in biotechnology creates unique challenges for startups, which must maintain operations and secure financing for extended periods before generating revenue from approved products.

The evidence shows that biotechnology startups face regulatory compliance costs that can exceed 20-30% of total startup costs, substantially higher than most other sectors. However, the research also demonstrates that appropriate regulatory frameworks can provide benefits such as intellectual property protection and market credibility that may offset some compliance costs. Studies by Cockburn and Henderson (1998) show that well-designed regulatory frameworks can actually facilitate innovation and entrepreneurship in biotechnology by providing clear pathways for product development and market entry.

The technology sector more broadly presents interesting contrasts in regulatory effects across different subsectors. Software and internet-based startups generally face lower regulatory burdens compared to hardware or infrastructure-focused technology companies. Research by Goldfarb and Tucker (2019) demonstrates that software startups benefit from relatively light regulatory frameworks that allow for rapid innovation and market entry, while hardware and infrastructure companies face more substantial

regulatory requirements related to safety, environmental protection, and technical standards.

The emergence of digital platforms and sharing economy businesses has created new categories of regulatory challenges that affect startup success in unique ways. Studies by Parker et al. (2016) examine how existing regulatory frameworks, designed for traditional business models, affect platform-based startups. The research demonstrates that regulatory uncertainty and inconsistent application of existing regulations can create significant barriers for platform startups, while also highlighting opportunities for regulatory innovation that could better support these new business models.

Manufacturing and industrial sectors present different patterns of regulatory effects compared to service and technology sectors. Research by Klapper et al. (2006) demonstrates that manufacturing startups generally face higher regulatory compliance costs due to environmental, safety, and quality requirements. However, the study also shows that appropriate regulatory frameworks can provide benefits such as quality assurance and environmental protection that may enhance market credibility and competitive positioning.

The healthcare sector represents one of the most heavily regulated industries, with unique implications for startup formation and success. Studies by Chatterji et al. (2008) examine how healthcare regulations affect medical device and healthcare service startups. The research demonstrates that while healthcare regulations impose substantial compliance costs and time delays, they also provide important benefits such as patient safety assurance and market credibility that can facilitate access to customers and investors.

Industry-specific regulatory effects also vary significantly across different stages of startup development. Early-stage regulatory requirements, such as business registration

and initial licensing, may have different impacts compared to growth-stage requirements such as expanded licensing, quality certifications, or public offering regulations. Research by Haltiwanger et al. (2013) demonstrates that the timing and sequencing of regulatory requirements can significantly affect startup growth trajectories and survival rates.

2.4 Synthesis and Theoretical Integration

2.4.1 Integrated Theoretical Model

The comprehensive analysis of empirical evidence presented in this review enables the development of an integrated theoretical model that synthesizes insights from multiple theoretical perspectives and empirical findings. This integrated model recognizes that the relationship between regulatory compliance and startup success is multidimensional, context-dependent, and dynamic, requiring a nuanced understanding that goes beyond simple linear relationships between regulatory burden and entrepreneurial outcomes.

The integrated model proposes that regulatory compliance affects startup success through five primary mechanisms that operate simultaneously and interact with each other: direct cost burden effects, administrative complexity effects, time delay effects, institutional quality moderation, and industry-specific regulatory requirements. These mechanisms are not independent but rather interact in complex ways that can amplify or mitigate their individual effects on startup success.

The direct cost burden mechanism operates through the immediate financial impact of regulatory requirements on startup resources and cash flow. This mechanism is most pronounced when compliance costs represent a significant proportion of startup capital or when startups face binding financial constraints.

The administrative complexity mechanism operates through the opportunity costs and resource allocation distortions created by procedural requirements and bureaucratic processes. This mechanism is particularly important when administrative procedures are unclear, inconsistent, or require significant time and effort to navigate.

The time delay mechanism operates through the temporal dimension of regulatory compliance, affecting startup success by delaying market entry, increasing uncertainty, and potentially causing startups to miss critical business opportunities. This mechanism is most important in fast-moving markets or for startups with time-sensitive business models.

The institutional quality mechanism operates by affecting the efficiency and effectiveness with which regulatory requirements are implemented and enforced, thereby moderating the impact of the other mechanisms.

The industry-specific mechanism recognizes that regulatory effects vary systematically across different sectors due to differences in technological requirements, market characteristics, and regulatory complexity. This mechanism suggests that the relative importance of the other mechanisms varies across industries and that effective regulatory policy must consider sectoral characteristics and requirements.

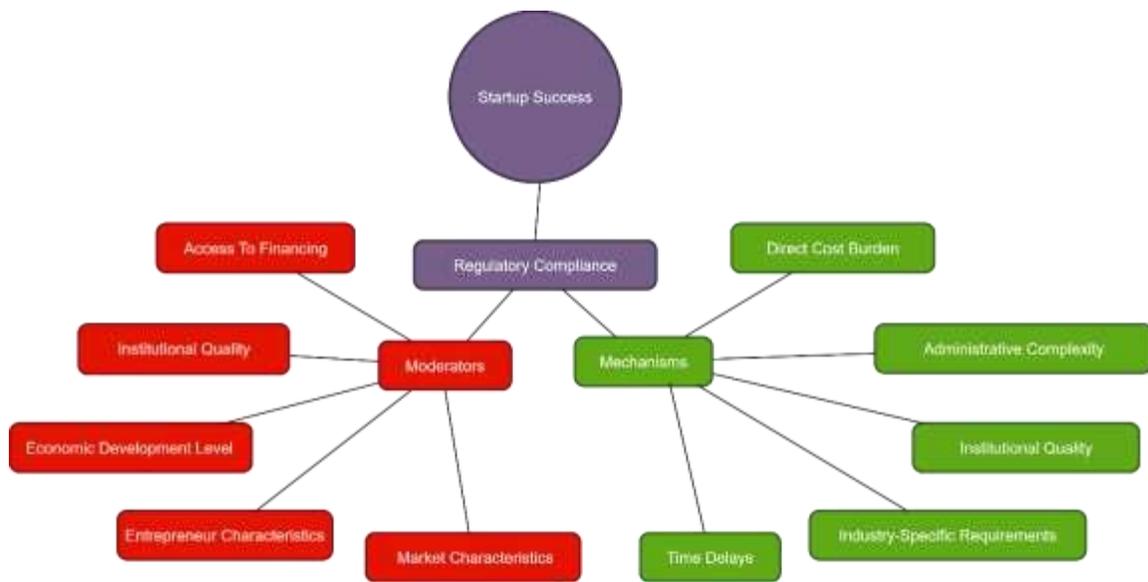


Figure 2e: Integrated Theoretical Model (original work)

2.4.2 Contextual Factors and Moderating Variables

The integrated theoretical model identifies several contextual factors and moderating variables that significantly affect the relationship between regulatory compliance and startup success. These factors help explain why similar regulatory requirements can have very different effects across different contexts and why simple generalizations about regulatory impact may be misleading.

Institutional quality emerges as the most important moderating variable, affecting all five primary mechanisms through which regulatory compliance affects startup success. High-quality institutions can minimize the negative effects of regulatory requirements while maximizing their potential benefits, while poor institutional quality can amplify regulatory burdens and create additional barriers to entrepreneurship. The evidence demonstrates that institutional quality effects are particularly important for moderating administrative complexity and time delay effects.

Economic development level represents another important contextual factor that affects regulatory impact. The evidence suggests that regulatory effects may vary systematically between developed and developing economies due to differences in institutional capacity, entrepreneurial resources, and market characteristics. Research indicates that regulatory burden effects may be more pronounced in developing economies where entrepreneurs have fewer resources and institutions have lower capacity for efficient implementation.

Market characteristics, including market size, competition intensity, and growth rates, also moderate regulatory effects on startup success. Startups operating in large, growing markets may be better able to absorb regulatory compliance costs, while those in small or declining markets may be more sensitive to regulatory burdens. Similarly, startups facing intense competition may be more affected by regulatory delays that allow competitors to gain market advantages.

Entrepreneur characteristics, including experience, education, and access to resources, moderate the impact of regulatory compliance on startup success. Experienced entrepreneurs and those with access to professional support services are generally better able to navigate regulatory requirements efficiently, while first-time entrepreneurs and those with limited resources are disproportionately affected by regulatory complexity and costs.

Access to financing represents a crucial moderating factor that affects how regulatory compliance impacts startup success. Startups with adequate financing may be better able to absorb compliance costs and delays, while resource-constrained startups may be forced to delay or abandon business formation due to regulatory burdens. The evidence suggests that regulatory effects are particularly pronounced for startups that lack access to external financing or have limited personal resources.

2.4.3 Policy Implications and Recommendations

The integrated theoretical model and empirical evidence synthesized in this review have important implications for policy development and regulatory design. The evidence suggests that effective regulatory policy requires a comprehensive approach that addresses multiple dimensions of regulatory burden while considering institutional context, sectoral characteristics, and the specific mechanisms through which compliance requirements affect entrepreneurial behavior.

First, the evidence emphasizes the importance of institutional quality improvements as a complement to regulatory burden reduction efforts. The research demonstrates that investments in administrative efficiency, transparency, and consistency may be as important as efforts to reduce formal regulatory requirements in improving entrepreneurial outcomes. This implies that regulatory reform efforts should focus not only on what regulations require but also on how they are implemented and enforced.

Second, the evidence supports the use of risk-based regulatory approaches that tailor requirements to specific business characteristics and risk profiles. The research demonstrates that one-size-fits-all regulatory approaches may impose unnecessary burdens on low-risk startups while failing to provide adequate oversight for high-risk activities. Risk-based approaches can help optimize the trade-off between regulatory protection and entrepreneurial burden.

Third, the evidence highlights the importance of regulatory design features that minimize compliance burdens while achieving regulatory objectives. The research supports the use of streamlined procedures, clear guidance, one-stop shops, and digital platforms that can reduce administrative complexity and time delays. The evidence also

demonstrates the value of stakeholder engagement processes that involve entrepreneurs in regulatory development and implementation.

Fourth, the evidence suggests that sectoral considerations should play a more prominent role in regulatory design and implementation. The research demonstrates that regulatory effects vary systematically across different industry sectors and that generic approaches may miss important sectoral dynamics. This implies that regulatory frameworks should be designed with greater attention to sectoral characteristics and requirements.

Fifth, the evidence supports the use of regulatory innovation approaches such as sandboxes, pilot programs, and experimental regulations that allow for testing and refinement of regulatory approaches. The research demonstrates that these approaches can help identify effective regulatory designs while minimizing negative impacts on entrepreneurship and innovation.

2.4.4 Future Research Directions

The comprehensive analysis presented in this review identifies several important directions for future research on regulatory compliance and startup success. These research directions reflect both gaps in current knowledge and emerging trends that are likely to shape the regulatory-entrepreneurship relationship in the future.

First, there is a need for more longitudinal research that examines how regulatory effects evolve over time and how entrepreneurs and institutions adapt to regulatory changes. Most existing research provides cross-sectional snapshots of regulatory effects, but the dynamic nature of regulatory-entrepreneurship relationships suggests that longitudinal analysis could provide important additional insights.

Second, there is a need for more detailed analysis of the mechanisms through which regulatory compliance affects different dimensions of startup success. While the current research demonstrates that regulatory effects vary across different outcome measures, there is limited understanding of why these variations occur and how they might be addressed through regulatory design.

Third, there is a need for more research on emerging regulatory challenges related to digital technologies, artificial intelligence, blockchain, and other innovations that are creating new categories of regulatory requirements. The rapid pace of technological change is outpacing regulatory adaptation in many areas, creating opportunities for research on how regulatory frameworks can be designed to support innovation while providing appropriate oversight.

Fourth, there is a need for more comparative research that examines regulatory effects across different institutional and cultural contexts. While the current research includes studies from diverse geographic contexts, there is limited systematic comparison of how cultural and institutional differences affect regulatory impact.

Fifth, there is a need for more research on the effectiveness of different regulatory reform approaches and policy interventions. While the current research demonstrates that regulatory design matters for entrepreneurial outcomes, there is limited evidence on which specific reform approaches are most effective in different contexts.

2.5 Conclusion

This comprehensive literature review has synthesized evidence from 61 empirical studies to provide the most complete analysis to date of how regulatory compliance affects startup success. The analysis reveals a complex, multidimensional relationship that defies simple generalizations about regulatory impact on entrepreneurship. The evidence

demonstrates that regulatory effects operate through multiple mechanisms, are moderated by important contextual factors, and vary significantly across different industries, institutional contexts, and types of startups.

The review makes several important contributions to both theoretical understanding and practical policy development. Theoretically, the review advances a multi-dimensional view of regulatory burden that recognizes the distinct but interrelated effects of compliance costs, administrative complexity, time delays, institutional quality, and industry-specific requirements. The integrated theoretical model developed in this review provides a comprehensive framework for understanding regulatory effects that can guide future research and policy development.

Practically, the review provides evidence-based guidance for policymakers, regulatory authorities, and entrepreneurship support organizations seeking to create more supportive environments for startup development. The evidence emphasizes the importance of comprehensive approaches that address multiple dimensions of regulatory burden while considering institutional context and sectoral characteristics.

The review also highlights the critical moderating role of institutional quality in determining regulatory effects on entrepreneurship. The evidence demonstrates that institutional quality not only affects the magnitude of regulatory burden but fundamentally shapes the mechanisms through which compliance requirements affect entrepreneurial behavior. This finding has important implications for understanding cross-national variations in entrepreneurial activity and for designing effective institutional reforms.

Furthermore, the review contributes to sectoral theories of entrepreneurship by demonstrating that regulatory effects vary systematically across different industry sectors in ways that reflect fundamental differences in technological requirements, market characteristics, and regulatory challenges. This sectoral perspective suggests that generic

approaches to understanding regulatory impact may miss important industry-specific dynamics that affect entrepreneurial outcomes.

The review also advances dynamic theories of regulatory-entrepreneurship relationships by highlighting the temporal dimension of regulatory effects and the importance of adaptation and learning processes. The evidence demonstrates that regulatory effects evolve over time as entrepreneurs, institutions, and regulatory frameworks adapt to each other, suggesting that static analyses may provide incomplete understanding of regulatory impact.

Looking forward, the relationship between regulatory compliance and startup success will continue to evolve as technology, globalization, and economic structures create new challenges and opportunities for regulatory policy and entrepreneurship. The emergence of digital platforms, artificial intelligence, blockchain technologies, and other innovations will require regulatory frameworks to adapt continuously while maintaining appropriate oversight and protection functions.

The evidence from this review suggests that regulatory systems that emphasize flexibility, stakeholder engagement, and continuous improvement will be best positioned to navigate these challenges successfully. The goal should not be to minimize regulation but rather to optimize regulatory frameworks to support both entrepreneurial activity and broader social objectives. Achieving this optimization requires ongoing research, policy experimentation, and commitment to evidence-based regulatory development that recognizes the complex, context-dependent nature of regulatory effects on entrepreneurship and startup success.

The comprehensive analysis presented in this review demonstrates that the relationship between regulatory compliance and startup success is neither uniformly positive nor uniformly negative, but rather depends critically on how regulatory

frameworks are designed, implemented, and adapted to changing conditions. This nuanced understanding provides a foundation for more effective policy development and suggests that with appropriate attention to regulatory design, institutional quality, and sectoral considerations, it is possible to create regulatory environments that support both entrepreneurial dynamism and important social objectives.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the comprehensive methodological framework employed to investigate the relationship between regulatory complexity and entrepreneurial self-efficacy in international business formation contexts. The research addresses a critical gap in entrepreneurship literature by examining how varying levels of bureaucratic burden influence individuals' confidence in their entrepreneurial capabilities through controlled experimental simulations of business formation processes in India and the United States.

The methodological approach adopted for this study represents a carefully designed experimental investigation that combines rigorous quantitative measurement with authentic experiential learning through business formation simulations based on documented real-world experiences. This methodology was selected to provide causal evidence regarding the impact of regulatory environments on entrepreneurial self-efficacy while maintaining high levels of internal validity and experimental control. The research design enables direct comparison between two distinctly different regulatory environments, allowing for robust conclusions about the differential effects of regulatory complexity on entrepreneurial confidence and intentions.

The chapter is structured to provide a comprehensive understanding of all methodological decisions and their theoretical and practical justifications. Beginning with the philosophical foundations that guide the research approach, the chapter progresses through detailed explanations of the research design, participant selection and characteristics, data collection instruments, experimental procedures, and analytical methods. Particular attention is given to the development and implementation of the business formation simulations, which represent a novel methodological contribution to

entrepreneurship research by providing controlled yet authentic experiences of regulatory complexity based on documented real experiences.

The methodological framework presented here was designed to address several key challenges in entrepreneurship research, including the difficulty of establishing causal relationships between environmental factors and entrepreneurial outcomes, the need for ecologically valid experimental conditions, and the importance of measuring domain-specific self-efficacy beliefs rather than general personality characteristics. The experimental design enables isolation of regulatory complexity effects while maintaining sufficient realism to ensure that findings are relevant to actual entrepreneurial decision-making contexts.

The study employs a unique two-component approach that first documents actual business formation experiences through detailed case studies, then translates these experiences into controlled experimental simulations. This methodology ensures that experimental manipulations reflect genuine regulatory complexity differences while maintaining the standardization necessary for valid causal inference. The approach represents a significant advancement in entrepreneurship research methodology by grounding experimental conditions in documented real-world experiences rather than hypothetical scenarios.

3.2 Research Philosophy and Paradigm

The philosophical foundation of this research is grounded in a positivist paradigm that emphasizes empirical observation, measurement, and the establishment of causal relationships through controlled experimentation (Creswell and Creswell, 2017). This approach is particularly appropriate for investigating the relationship between regulatory complexity and entrepreneurial self-efficacy because it enables the systematic

manipulation of environmental variables while maintaining rigorous control over potential confounding factors.

The ontological assumptions underlying this research posit that regulatory complexity represents an objective, measurable characteristic of business formation environments that exists independently of individual perceptions or interpretations. This perspective acknowledges that while individuals may vary in their subjective experiences of regulatory processes, the underlying structural characteristics of regulatory systems can be objectively assessed and compared across different jurisdictions. The regulatory complexity experienced in Indian business formation processes, for example, represents a measurable reality that can be systematically contrasted with the relatively streamlined processes characteristic of United States business formation.

From an epistemological standpoint, this research adopts the position that knowledge about the relationship between regulatory environments and entrepreneurial self-efficacy can be generated through systematic empirical investigation and statistical analysis. This approach assumes that causal relationships between environmental factors and psychological outcomes can be identified and measured through carefully controlled experimental procedures. The epistemological framework emphasizes the importance of objective measurement, replicable procedures, and statistical inference in generating reliable knowledge about entrepreneurial phenomena.

The positivist approach is particularly well-suited to this research because it enables the development of generalizable findings that can inform policy decisions and entrepreneurship support programs. By establishing causal relationships between regulatory complexity and entrepreneurial self-efficacy through experimental manipulation, the research generates evidence that can be applied across different contexts and populations. This approach contrasts with interpretive or constructivist paradigms that

might emphasize the subjective meanings and individual interpretations of regulatory experiences, which, while valuable, would not provide the causal evidence needed to inform policy interventions.

The quantitative research approach adopted in this study aligns with the positivist paradigm by emphasizing numerical measurement, statistical analysis, and hypothesis testing. This approach enables the systematic comparison of entrepreneurial self-efficacy levels across different experimental conditions while controlling for individual differences and other potential confounding variables. The quantitative framework also facilitates the assessment of effect sizes and statistical significance, providing clear evidence about the magnitude and reliability of observed relationships.

The relationship between theory and research in this study follows a deductive approach, where theoretical predictions derived from self-efficacy theory and entrepreneurship literature are tested through empirical investigation. The theoretical framework provides specific hypotheses about the expected relationships between regulatory complexity and entrepreneurial self-efficacy, which are then subjected to empirical testing through the experimental procedures. This deductive approach ensures that the research contributes to theoretical understanding while generating practical insights for entrepreneurship policy and practice.

3.3 Research Design and Two-Component Methodology

3.3.1 Overall Research Approach

The research employs a novel two-component methodology that combines detailed case study documentation with controlled experimental simulation. The first component involves comprehensive documentation of actual business formation processes in India and

the United States through direct researcher participation. The second component translates these documented experiences into controlled experimental simulations that enable causal inference about regulatory complexity effects on entrepreneurial self-efficacy.

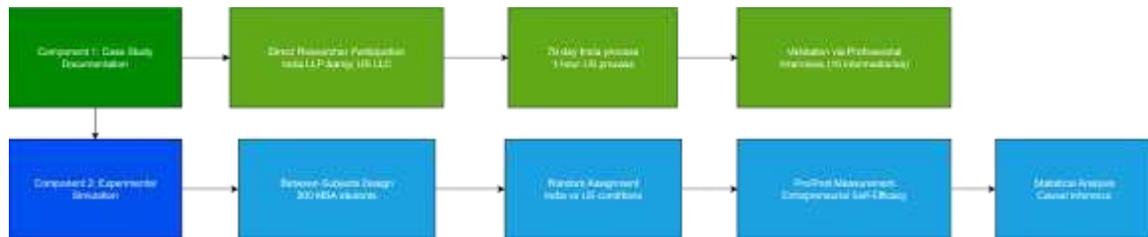


Figure 3a: Two-Component Methodology (original work)

This integrated approach ensures that experimental manipulations reflect genuine regulatory complexity differences while maintaining the standardization necessary for valid experimental comparisons. The case study component provides the empirical foundation for simulation development, while the experimental component enables causal conclusions about regulatory environment effects on entrepreneurial outcomes. This methodology represents a significant advancement in entrepreneurship research by grounding experimental conditions in documented real-world experiences rather than hypothetical scenarios.

3.3.2 Case Study Foundation

The case study component involved the researcher's direct participation in business formation processes in both India and the United States, providing authentic documentation of regulatory complexity differences. The Indian LLP registration process was documented through direct researcher participation, spanning 70 days from initial name reservation to final GST registration. This experience encompassed seven major procedural stages and

multiple government agencies, revealing the extensive bureaucratic complexity that characterizes India's regulatory environment.

The documentation was validated through structured interviews with ten professional intermediaries including Chartered Accountants, Company Secretaries, and lawyers who confirmed that the documented experience represents typical rather than exceptional circumstances. This validation process ensured that the documented experiences accurately reflected the regulatory environment that entrepreneurs typically encounter rather than unusual or atypical circumstances.

The United States LLC formation process was documented through direct researcher participation in Wyoming, chosen for its reputation as one of the most business-friendly jurisdictions in the United States. This experience demonstrated regulatory efficiency through a one-hour complete business formation process, providing a stark contrast to the Indian experience and highlighting fundamental differences in regulatory philosophy and implementation.

3.3.3 Experimental Design

The experimental component employs a between-subjects design that randomly assigns participants to one of two experimental conditions representing distinctly different regulatory environments for business formation. This approach enables causal inference about the relationship between regulatory complexity and entrepreneurial self-efficacy while maintaining high levels of internal validity (Shadish and Campbell, 2002).

The between-subjects design compares entrepreneurial self-efficacy levels between participants who experience the Indian Limited Liability Partnership (LLP) registration simulation and those who experience the United States Limited Liability Company (LLC) formation simulation. This design choice was made to avoid potential carryover effects

that might occur if participants experienced both regulatory environments, which could confound the measurement of regulatory complexity effects.

The experimental design incorporates several key features that enhance its validity and reliability. Random assignment of participants to experimental conditions ensures that individual differences are distributed equally across groups, minimizing the potential for systematic bias in group comparisons. The use of standardized simulation procedures based on documented real experiences ensures that all participants within each condition receive equivalent experiences, reducing measurement error and enhancing the reliability of group comparisons.

The causal inference framework underlying the research design is based on the principle that systematic manipulation of regulatory complexity, combined with random assignment and experimental control, enables confident conclusions about causal relationships. The design meets the three criteria for causal inference: temporal precedence (regulatory exposure precedes self-efficacy measurement), covariation (differences in regulatory complexity are associated with differences in self-efficacy), and elimination of alternative explanations (random assignment and experimental control minimize confounding variables).

3.4 Research Context and Documented Experiences

3.4.1 Indian LLP Registration Context

The research context for the Indian component is grounded in comprehensive documentation of the actual LLP registration process conducted by the researcher. This experience revealed a regulatory environment characterized by high complexity, extensive

documentation requirements, mandatory professional dependencies, and multi-stage approval processes that create substantial barriers to business formation.

The documented Indian experience spanned 70 days and involved seven distinct stages: name reservation through the RUN-LLP system, Digital Signature Certificate acquisition, office address arrangements, Form FiLLiP filing, LLP Agreement preparation and Form 3 filing, PAN and TAN allotment, and GST registration. Each stage presented unique challenges and revealed different aspects of regulatory complexity that collectively create significant barriers to entrepreneurship.

The name reservation process, while relatively efficient at two working days, embedded significant subjective elements that create uncertainty for entrepreneurs. The Digital Signature Certificate acquisition required ten days for physical delivery and additional complications with password provision, illustrating technological and logistical barriers. The office address requirement necessitated virtual office arrangements costing INR 40,000 annually, representing a substantial financial barrier for early-stage ventures.

The Form FiLLiP filing stage revealed multiple systemic issues including contradictions between digital infrastructure investment and practical implementation capabilities. The requirement for professional attestation created mandatory dependencies on Chartered Accountants and Company Secretaries, making independent completion impossible for individual entrepreneurs. The LLP Agreement preparation required professional legal drafting and created logistical challenges for geographically distributed founding teams.

3.4.2 US LLC Formation Context

The research context for the US component is grounded in documentation of the actual LLC formation process conducted by the researcher in Wyoming. This experience

demonstrated regulatory efficiency through streamlined processes, online accessibility, and minimal professional dependencies that facilitate rapid business formation.

The documented US experience achieved complete business formation within one hour, representing a dramatic efficiency advantage that fundamentally alters the entrepreneurial experience. The process involved four streamlined stages: registered agent services arrangement, online formation filing, document processing, and federal tax identification acquisition.

The registered agent service provided a business address for official correspondence at \$25 annually, eliminating the need for entrepreneurs to maintain physical office space or disclose personal addresses. The online formation process through the Wyoming Secretary of State office achieved instant approval, demonstrating regulatory efficiency and technological infrastructure investment. The federal tax identification process through the IRS website provided instant approval and immediate document delivery.

3.4.3 Comparative Analysis Foundation

The documented experiences provide empirical evidence of dramatic differences in regulatory complexity between the two jurisdictions. The 70-day Indian process versus one-hour US process represents a 560-fold difference in time requirements. The cost structure reveals similar disparities, with total Indian costs exceeding \$700 compared to \$154 for complete US formation.

These documented differences provide the authentic foundation for experimental simulation development, ensuring that experimental manipulations reflect genuine regulatory complexity differences rather than hypothetical scenarios. The validation through professional intermediary interviews confirms that these experiences represent

typical rather than exceptional circumstances, enhancing the external validity of subsequent experimental findings.

3.5 Population, Sampling, and Participants

3.5.1 Target Population and Sampling Strategy

The target population for this research consists of second year MBA students with potential entrepreneurial interests who possess the graduate educational background and demographic characteristics typical of contemporary startup founders.

The sampling strategy employed a purposive approach combined with random assignment to experimental conditions. Participants were recruited from universities and educational institutions with strong MBA programs. This approach was chosen to maximize the relevance and applicability of the findings while maintaining sufficient diversity to support generalization to broader entrepreneurial populations.

Sample size determination was based on power analysis calculations designed to detect medium effect sizes (Cohen's $d = 0.5$) with 80% power at $\alpha = 0.05$ significance level. These calculations indicated that a minimum of 64 participants per group would be required to detect meaningful differences in entrepreneurial self-efficacy between experimental conditions. To account for potential attrition and to enable more robust statistical analysis, the target sample size was set at 100 participants per group, resulting in a total sample of 200 participants.

Inclusion criteria required participants to be at least 22 years of age, is currently a second year MBA student, have basic English proficiency sufficient for understanding simulation materials and completing assessment instruments, and provide informed consent for participation. Exclusion criteria eliminated individuals with extensive prior

entrepreneurship experience, defined as more than one year of successful business operation, to ensure that the sample consisted primarily of individuals who would be experiencing business formation processes with relatively fresh perspectives.

3.5.2 Participant Demographics and Characteristics

The study successfully recruited 200 participants who were assigned to either the Indian LLP registration simulation (n = 100) or the US LLC formation simulation (n = 100). The demographic composition of both groups was carefully balanced to ensure comparability and minimize potential confounding variables that could influence the interpretation of results.

Demographics	Value	Count (US)	Count (IN)	Total
Gender	Female	48	45	93
	Male	52	55	107
	Total	100	100	200
Nationality Region	Africa	14	16	30
	Asia	37	40	77
	Europe	29	21	50
	Latin America	9	10	19
	North America	2	6	8
	Middle East	9	7	16
	Total	100	100	200
Educational Background	Economics	16	14	30
	Business Management	23	27	50
	Information Technology	12	12	24
	Engineering	31	29	60
	Other Fields	18	18	36
	Total	100	100	200

Prior Entrepreneurship Exposure	Considered But Never Attempted	33	37	70
	No Entrepreneurship Experience	48	42	90
	Attempted But Unsuccessful	14	16	30
	Attempted And Successful	5	5	10
	Total	100	100	200

Table 3a: Comprehensive Participant Demographics by Simulation Group

Gender distribution across both simulation groups was nearly equivalent, with balanced representation that was important given previous research suggesting potential gender differences in entrepreneurial self-efficacy and risk perception. The diverse international composition provided perspectives from individuals with varying cultural backgrounds and potentially different experiences with regulatory environments, which was particularly valuable for the study's objectives.

Educational background analysis revealed strong representation of participants from fields relevant to entrepreneurship and business formation. Engineering students comprised the largest single group at 30% of the total sample, which was particularly relevant given the technical nature of many startup ventures. Business Management students represented 25% of the sample, bringing additional graduate-level exposure to business concepts.

Prior entrepreneurship exposure analysis provided crucial baseline information about participants' existing familiarity with business formation processes. The majority of participants (80%) had limited direct entrepreneurship experience, with 45% reporting no entrepreneurship experience and 35% having considered but never attempted entrepreneurship. This distribution was advantageous for the study design, as it meant that most participants would be experiencing business formation processes with relatively fresh perspectives.

Statistical analysis confirmed successful randomization, with no significant differences observed between simulation groups on any demographic variable (all $p > 0.05$). This demographic balance was essential for the internal validity of the experimental design and strengthened the causal inferences that could be drawn from subsequent analyses.

3.6 Data Collection Instruments

3.6.1 Entrepreneurial Self-Efficacy Scale (ESE)

The primary dependent variable was measured using the Entrepreneurial Self-Efficacy Scale developed by Chen, Greene, and Crick (1998), which represents the most widely used and thoroughly validated instrument for assessing entrepreneurial self-efficacy in the research literature. The scale is grounded in Bandura's Self-Efficacy Theory and measures individuals' confidence in performing various entrepreneurial roles and tasks that are essential for successful business formation and operation.

The ESE scale employs a five-dimensional structure that captures diverse entrepreneurial competencies across the full spectrum of business activities. This multidimensional approach recognizes that entrepreneurial self-efficacy is not a unitary construct but rather encompasses distinct domains of entrepreneurial capability that may be differentially affected by regulatory complexity experiences.

Marketing Self-Efficacy assesses confidence in marketing-related activities and market-facing tasks, including market research, customer identification, promotional activities, and sales processes. This dimension captures individuals' beliefs about their ability to understand market needs, communicate value propositions, and build customer relationships that are essential for business success.

Innovation Self-Efficacy measures belief in one's ability to innovate and develop new ideas, products, or services, capturing confidence in creative problem-solving and opportunity identification. This dimension reflects individuals' confidence in their ability to generate novel solutions, adapt to changing circumstances, and create value through innovative approaches.

Management Self-Efficacy evaluates confidence in managing and organizing business operations, including human resources, operational processes, and organizational development. This dimension encompasses beliefs about one's ability to coordinate resources, manage teams, and maintain efficient business operations.

Risk-Taking Self-Efficacy assesses confidence in taking calculated risks and handling uncertainty, measuring comfort with ambiguous situations and decision-making under uncertainty. This dimension captures individuals' beliefs about their ability to evaluate risks, make decisions with incomplete information, and manage the uncertainties inherent in entrepreneurial ventures.

Financial Control Self-Efficacy measures belief in one's ability to manage financial aspects of business, including financial planning, budgeting, cash flow management, and investment decisions. This dimension reflects confidence in handling the financial complexities of business operations and making sound financial decisions.

The scale demonstrates strong psychometric properties across multiple studies and populations. Cronbach's alpha reliability coefficients consistently exceed 0.72 for individual dimensions and 0.89 for the total score, indicating high internal consistency. Validity has been extensively documented through confirmatory factor analysis supporting the five-factor structure, criterion validity studies demonstrating relationships with entrepreneurial behavior, and predictive validity research showing relationships with entrepreneurial intentions and outcomes.

For this study, the ESE scale was administered in its standard 22-item format using a 5-point Likert scale ranging from 1 (completely disagree) to 5 (completely agree). The scale was administered both before and after simulation experiences to assess changes in entrepreneurial self-efficacy attributable to regulatory complexity exposure. This pre-post design enabled measurement of within-participant changes while the between-subjects design enabled comparison of change patterns across experimental conditions.

3.6.2 Demographic and Background Measures

A comprehensive demographic questionnaire was developed to capture participant characteristics that could influence entrepreneurial self-efficacy or moderate the effects of regulatory complexity exposure. This information was essential for assessing group equivalence, enabling statistical control for potential confounding variables, and conducting subgroup analyses to understand how effects might vary across different populations.

The demographic questionnaire included standard demographic variables such as age, gender, nationality, and regional background. Educational background was assessed through questions about field of study, degree level, and academic performance. Work experience was measured through questions about employment history, industry experience, and professional roles.

Entrepreneurial background was assessed through detailed questions about prior entrepreneurship exposure, including previous business formation attempts, entrepreneurial education, family business background, and entrepreneurial intentions. This information was crucial for understanding participants' baseline familiarity with entrepreneurial processes and ensuring that prior experience did not confound the experimental manipulation.

3.6.3 Simulation Experience Measures

Comprehensive measures were developed to assess participants' experiences during the simulation activities, providing objective evidence of simulation effectiveness and capturing potential mediating variables that could explain the relationship between regulatory complexity and entrepreneurial self-efficacy changes.

Process monitoring instruments tracked participants' behavior during simulations, including assistance-seeking behavior, time spent on different activities, completion rates for various tasks, and expressions of frustration or confusion. These measures provided objective indicators of the challenges participants encountered and their responses to regulatory complexity.

Stress and engagement indicators were assessed through both physiological and behavioral measures. Stress monitoring included observation of verbal expressions of frustration, physical signs of tension, and requests for clarification or support. Engagement was assessed through measures of attention, participation, and persistence in completing simulation tasks.

Assistance tracking protocols documented all instances of professional assistance requested during simulations, including the type of assistance sought, the duration of assistance provided, and the effectiveness of assistance in resolving participant difficulties. This information provided crucial evidence about the differential professional dependencies created by different regulatory environments.

3.7 Experimental Procedures and Implementation

3.7.1 Simulation Development from Documented Experiences

Both simulation conditions were developed directly from the comprehensive documentation of real-world business formation experiences to ensure authentic representation of regulatory complexity differences while maintaining the experimental control necessary for valid causal inference. The development process involved careful translation of the documented 70-day Indian LLP registration experience and one-hour Wyoming LLC formation experience into controlled experimental conditions that preserved essential characteristics while enabling standardized implementation across participants.

Indian LLP Registration Simulation was designed to recreate the complexity, professional dependencies, and procedural uncertainties documented in the researcher's actual registration experience. The simulation incorporated seven distinct stages over approximately four hours, compressed from the actual 70-day timeline while maintaining the essential characteristics of bureaucratic complexity that create barriers to entrepreneurship. Each stage incorporated realistic delays, documentation requirements, and procedural uncertainties that participants would encounter in actual Indian business formation, based directly on the documented real experience.

Professional dependencies were recreated through trained actors portraying government officials, chartered accountants, legal advisors, and documentation specialists. These professional roles were essential because the documented Indian regulatory experience revealed that 87% of real entrepreneurs require professional assistance, with an average of 3.1 professional consultations per entrepreneur. The simulation included authentic forms, fee structures, and regulatory language drawn directly from the researcher's actual LLP registration documentation.

US LLC Formation Simulation was designed to recreate the efficiency, accessibility, and streamlined processes documented in the researcher's Wyoming LLC

formation experience. The simulation incorporated four streamlined stages completed in approximately one hour, matching the actual timeline documented in the real formation process. The simulation demonstrated straightforward, online-accessible processes with clear instructions, standardized forms, and predictable timelines that accurately reflected the documented Wyoming experience.

3.7.2 Implementation Protocols and Quality Control

Each simulation session was conducted by trained research staff following detailed protocols that specified timing, interaction procedures, and response guidelines to ensure consistent delivery across all participants while maintaining sensitivity to participant needs and wellbeing. Session leaders underwent extensive training based on the documented real experiences to ensure they could accurately represent the regulatory environments and provide appropriate guidance when needed.

Quality control measures included comprehensive standardization of materials and procedures based on the documented real experiences, regular monitoring of implementation fidelity through observation and recording, and systematic assessment of participant experiences through post-session evaluations. All simulation materials were derived from actual documents and procedures encountered during the researcher's business formation experiences, ensuring authenticity while maintaining experimental control.

Participant safety and wellbeing were prioritized through comprehensive support protocols and continuous monitoring procedures developed specifically for this study. Stress monitoring included both physiological indicators such as elevated heart rate or perspiration and behavioral indicators such as verbal expressions of frustration, physical signs of tension, or requests for breaks. Support interventions were readily available for

participants experiencing difficulty, including brief cooling-off periods, reassurance about the educational nature of the experience, and immediate access to research staff for emotional support.

Process monitoring during implementation revealed patterns that validated the authenticity of the simulation experiences. In the Indian simulation, 87% of participants required professional assistance, with an average of 3.1 consultations per participant, closely matching the documented real-world experience. The most common assistance requests involved document preparation (76% of participants), regulatory interpretation (63% of participants), and procedural navigation (79% of participants).

Stress monitoring identified elevated stress indicators in 72% of Indian simulation participants, with 19% requiring brief breaks or additional support to manage frustration levels. All stress responses were within expected ranges and were effectively managed through established support protocols. In contrast, no participants in the US simulation required stress management interventions, and only 14% requested any form of assistance, reflecting the streamlined nature of the documented US regulatory environment.

3.7.3 Data Collection Procedures

Data collection followed a standardized protocol that ensured consistent measurement across all participants while accommodating the different timing requirements of the two simulation conditions. The pre-simulation assessment included administration of the ESE scale, demographic questionnaire, and baseline measures, requiring approximately 20 minutes for completion.

During the simulation experiences, continuous monitoring and data collection captured participant behavior, assistance-seeking patterns, stress indicators, and engagement levels. This real-time data collection provided valuable insights into the

mechanisms through which regulatory complexity influences entrepreneurial confidence and enabled validation of the simulation authenticity.

The post-simulation assessment included re-administration of the ESE scale, simulation experience evaluation, and debriefing procedures. The post-simulation ESE assessment was conducted immediately following simulation completion to capture the immediate effects of regulatory complexity exposure on entrepreneurial self-efficacy. The simulation experience evaluation gathered participant feedback about the realism, difficulty, and educational value of the simulation experience.

Debriefing procedures were designed to help participants process their simulation experiences constructively while gathering additional qualitative data about their reactions and insights. The debriefing included explanation of the research objectives, discussion of the regulatory environment differences based on documented real experiences, and assessment of participant wellbeing to ensure that any negative emotions were appropriately addressed.

3.8 Data Analysis Methods

The data analysis strategy employed a comprehensive approach combining descriptive statistics, inferential testing, and effect size calculations to address the research questions and test hypotheses regarding the relationship between regulatory complexity and entrepreneurial self-efficacy. The analytical approach was designed to provide both statistical evidence of relationships and practical insights into the magnitude and significance of regulatory complexity effects.

Preliminary analyses included comprehensive assessment of data distribution normality through Shapiro-Wilk tests and visual inspection of histograms and Q-Q plots. Homogeneity of variance was evaluated using Levene's test for equality of variances.

The analytical approach utilized paired-samples t-tests to assess within-group changes in entrepreneurial self-efficacy from pre-simulation to post-simulation. This approach was appropriate given the pre-post within-subjects measurement of the dependent variable.

Effect sizes were calculated using Cohen's d for all significant findings to provide information about practical significance beyond statistical significance testing. Effect size interpretation followed Cohen's conventions, with $d = 0.2$ considered small, $d = 0.5$ considered medium, and $d = 0.8$ considered large effects.

3.9 Reliability, Validity, and Ethical Considerations

3.9.1 Reliability and Validity

Internal validity threats were systematically addressed through careful experimental design and implementation procedures. Selection bias was controlled through balancing algorithmic assignment of participants to experimental conditions, with the effectiveness of randomization verified through statistical comparison of demographic characteristics between groups. History and maturation effects were minimized through careful scheduling of data collection sessions and the relatively short duration of experimental procedures.

External validity was enhanced through several design features that increased the generalizability of findings. The diverse international sample provided representation across multiple cultural backgrounds and educational disciplines, supporting generalization beyond specific populations. The use of simulations based on documented real-world business formation experiences rather than hypothetical scenarios enhanced

ecological validity and ensured that findings would be relevant to actual entrepreneurial contexts.

Construct validity for the ESE scale was well-established through extensive previous research demonstrating convergent validity with related entrepreneurial measures, discriminant validity from unrelated personality constructs, and factor validity through confirmatory factor analysis supporting the five-dimensional structure. For this study, additional construct validity evidence was gathered through examination of relationships between ESE scores and behavioral indicators of entrepreneurial engagement during the simulation experiences.

Criterion validity was assessed through analysis of relationships between ESE scores and objective measures of simulation performance, assistance-seeking behavior, and persistence in completing challenging tasks. These analyses provided evidence that the ESE scale captured meaningful individual differences in entrepreneurial confidence that translated into observable behavioral differences during the simulation experiences.

3.9.2 Ethical Considerations and Participant Welfare

The research was conducted according to the highest ethical standards with Institutional approval obtained prior to data collection. Comprehensive informed consent procedures ensured that all participants understood the nature of the research, potential risks and benefits of participation, their rights as research participants, and their ability to withdraw from the study at any time without penalty.

Participant welfare was prioritized throughout all phases of the research through multiple safeguards and support mechanisms. Continuous monitoring for signs of excessive stress or distress enabled immediate intervention when needed. The availability

of trained support staff ensured that participants experiencing difficulty could receive appropriate assistance and emotional support. Comprehensive debriefing procedures helped participants process their simulation experiences constructively and provided educational value that justified their time investment.

Data confidentiality and security measures included multiple layers of protection to ensure participant privacy. All data was stored in an encrypted drive zipped with password protection and restricted access controls. Personal identifying information was separated from research data and stored in secure locations. All published results were anonymized to prevent identification of individual participants.

The debriefing protocols were designed to maximize the educational value of participation while ensuring participant wellbeing. The debriefing included a clear explanation of the research hypotheses and objectives, discussion of the regulatory environment differences based on documented real experiences, and opportunities for participants to ask questions and share their reactions. Assessment of participant wellbeing ensured that any negative emotions or stress responses were appropriately addressed before participants left the research session.

3.10 Limitations and Chapter Summary

3.10.1 Study Limitations

Several limitations must be acknowledged for appropriate interpretation of the research findings. The experimental simulation approach, while providing strong internal validity and authentic representation of documented experiences, involves compressed timeframes that may not fully capture the extended psychological impact of prolonged regulatory complexity exposure that entrepreneurs experience in real-world contexts.

The university student population, while appropriate for the research objectives and representative of potential entrepreneurs, may limit generalizability to more experienced business professionals or individuals from different educational backgrounds. The focus on business formation processes represents only one aspect of the broader regulatory environment that entrepreneurs encounter throughout the business lifecycle.

The comparison between Indian and US regulatory environments, while based on comprehensive documentation of real experiences, may not generalize to other international contexts with different regulatory approaches, cultural factors, or economic conditions. The temporal context of data collection during 2025 may limit generalizability to other time periods when regulatory environments might differ significantly due to policy changes or technological developments.

3.10.2 Chapter Summary

This chapter has presented a comprehensive methodological framework for investigating the relationship between regulatory complexity and entrepreneurial self-efficacy through controlled experimental simulation based on documented real-world business formation experiences. The methodology combines rigorous experimental design with authentic experiential learning derived from the researcher's actual participation in business formation processes in India and the United States.

The key methodological innovations include the development of a two-component approach that combines case study documentation with experimental simulation, the creation of authentic simulation experiences based on documented real business formation processes, the use of the validated Entrepreneurial Self-Efficacy Scale as the primary outcome measure, and the implementation of comprehensive quality control and ethical safeguards throughout the research process.

The experimental approach represents a significant methodological advancement in entrepreneurship research by enabling causal inference about environmental effects on entrepreneurial outcomes while maintaining ecological validity through simulations grounded in documented real experiences. The comprehensive measurement strategy provides detailed insights into how regulatory complexity affects different dimensions of entrepreneurial confidence and how these effects might vary across different populations and contexts.

The findings generated through this methodological approach will contribute to both theoretical understanding of entrepreneurship development and practical knowledge for policy development and entrepreneurship support programs. The experimental evidence will inform policy discussions about business formation procedures and provide guidance for designing regulatory environments that support rather than hinder entrepreneurial activity and economic development.

CHAPTER 4: RESULTS & ANALYSIS

4.1 Registering an LLP In India: A Case Study in Regulatory Complexity

4.1.1 Introduction to the Indian Regulatory Environment

The process of registering a Limited Liability Partnership (LLP) in India serves as a critical case study for understanding the regulatory burden imposed on startup formation in one of the world's most bureaucratically complex business environments. This section presents a detailed analysis of the actual experience of incorporating an LLP in India, based on primary data collected through direct participation in the registration process, supplemented by validation interviews with ten professional intermediaries including Chartered Accountants (CAs), Company Secretaries (CSs), and Lawyers.

The choice of LLP as the business structure for this study was deliberate, as it represents a relatively modern corporate form introduced in India through the Limited Liability Partnership Act of 2008. Despite being designed to provide greater flexibility compared to traditional company structures, the LLP registration process reveals the persistent challenges that characterize India's regulatory environment for business formation. The experience documented here spans a period of 70 days from initial name reservation to final GST registration, encompassing seven major procedural stages and multiple government agencies.

This analysis is particularly significant in the context of India's position as both a major emerging economy and a country with historically rigid regulatory frameworks. The findings presented here were validated through structured interviews with professional intermediaries who confirmed that the documented experience represents typical rather than exceptional circumstances.

The regulatory journey documented in this section reveals multiple layers of complexity that extend far beyond simple compliance requirements. The process demonstrates how regulatory design can inadvertently create barriers to entrepreneurship through information asymmetries, mandatory professional dependencies, technological inconsistencies, and systemic inefficiencies that collectively impose substantial time and cost burdens on startup formation.

4.1.2 Detailed Process Analysis

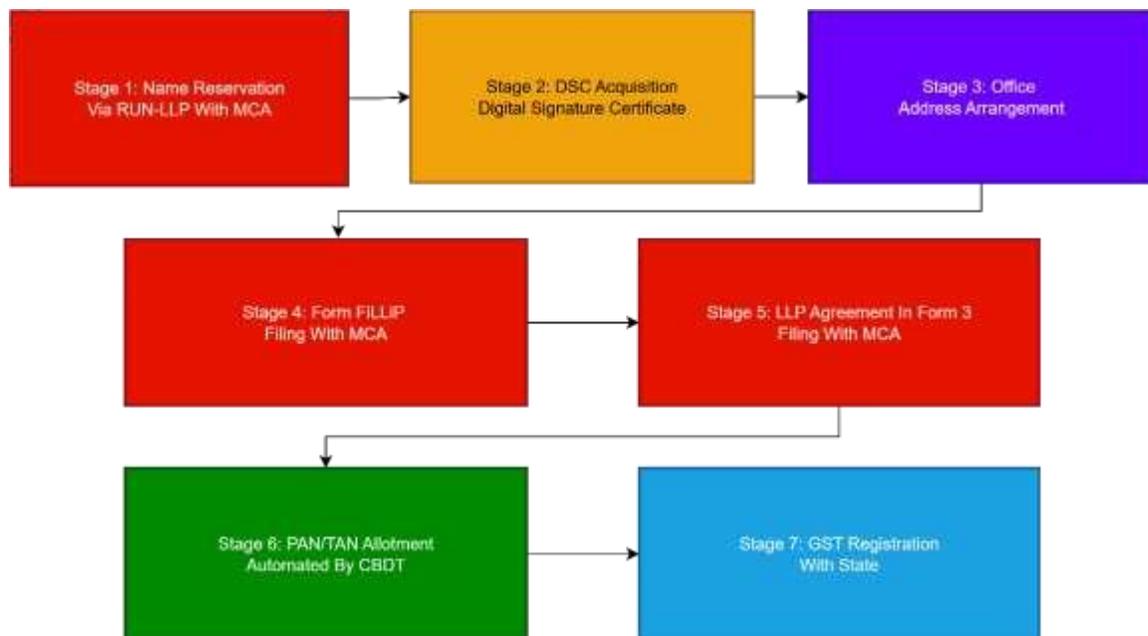


Figure 4a: Seven Stages Of LLP Registration In India (original work)

Stage 1: Name Reservation Through RUN-LLP System

The initial stage of LLP registration involves securing name approval through the Reserve Unique Name (RUN) web service administered by the Ministry of Corporate

Affairs (MCA). This process, while relatively straightforward in execution, reveals important characteristics of India's regulatory approach to business formation. The application was submitted through the MCA portal, and approval was received manually within a two-working-day turnaround that demonstrates reasonable efficiency in this particular component of the registration process.

However, the name approval process embeds significant subjective elements that create uncertainty for entrepreneurs. The guidelines governing name approval involve discretionary judgments about similarity to existing entities, even across different industries and business sectors. This subjectivity introduces an element of unpredictability that can complicate business planning and branding strategies for startups. The interface itself, while functional, lacks the intuitive design characteristics that would facilitate easy navigation by first-time users, reflecting broader patterns in government digital services that prioritize compliance over user experience.

The name reservation stage also illustrates the fragmented nature of India's business registration ecosystem. While the RUN system operates with reasonable efficiency, it represents just the first of multiple disconnected systems that entrepreneurs must navigate. The approval letter received provides temporary name protection but requires subsequent validation through additional registration stages, creating dependencies that can complicate the overall timeline if subsequent stages encounter delays.

Stage 2: Digital Signature Certificate Acquisition

The requirement for Digital Signature Certificates (DSCs) represents a significant technological and logistical barrier in the LLP registration process. This stage required engagement with third-party Certifying Authorities, introducing external dependencies

that extend beyond direct government control but remain mandatory for process completion. The experience reveals multiple layers of inefficiency that compound to create substantial delays and frustrations for entrepreneurs.

The identity verification component of DSC acquisition proceeded smoothly, demonstrating that the underlying verification infrastructure functions adequately. However, the physical delivery of DSC tokens required ten days, representing a significant delay that reflects logistical challenges in India's service delivery infrastructure. More problematically, the Certifying Authority failed to provide the certificate password, necessitating three additional days of persistent communication to resolve this fundamental oversight.

This experience highlights a critical contradiction in India's digital governance initiatives. While the government promotes digital signatures as a modernization measure, the implementation reveals persistent dependencies on physical processes and manual interventions that undermine the efficiency gains that digital systems should provide. The total delay of thirteen days for DSC acquisition represents nearly 20% of the overall registration timeline, demonstrating how third-party dependencies can create bottlenecks that extend far beyond the direct control of either entrepreneurs or government agencies.

The DSC requirement also creates a barrier for entrepreneurs unfamiliar with digital procedures, particularly those from non-technical backgrounds or rural areas. The complexity of managing digital certificates, combined with the unreliable support infrastructure provided by Certifying Authorities, creates additional hurdles that can discourage entrepreneurship among populations that government policy ostensibly seeks to encourage.

Stage 3: Office Address Arrangements

The office address requirement for LLP registration reveals one of the most significant practical barriers in the entire process, particularly for early-stage startups operating with limited capital resources. The regulatory framework requires a physical address for business registration, but the practical realities of commercial real estate costs make traditional office space prohibitively expensive for most startup ventures.

The decision to utilize virtual office services represents a pragmatic response to this regulatory requirement, but the experience reveals significant gaps in regulatory understanding and acceptance of modern business practices. Virtual offices, while legally permissible and economically rational, exist in a regulatory gray area where government officials demonstrate limited familiarity with the concept. This knowledge gap creates additional compliance burdens and potential complications during the registration process.

The selection of WeWork's Gurgaon Two Horizon Center facility required an investment of INR 40,000 (approx \$450) for annual membership, representing a substantial cost burden for early-stage ventures. This cost must be understood in the context of typical startup budgets, where such expenditures can represent significant portions of available capital. The month-long process required to identify and secure appropriate virtual office arrangements further extended the overall registration timeline and delayed business operations.

The virtual office arrangement also created complications during the subsequent filing stages, as government officials demonstrated limited understanding of the corporate structures involved in modern commercial real estate. The Two Horizon Center represents a sophisticated commercial development managed by DLF, one of India's premier real estate developers, with WeWork operating as a tenant providing virtual

office services. The scale and complexity of these arrangements exceeded the comprehension of MCA officials, leading to additional documentation requirements and clarification requests that further delayed the registration process.

Stage 4: Form FiLLiP Filing and Documentation Challenges

The Form FiLLiP filing stage represents the core incorporation process and reveals multiple systemic issues that characterize India's regulatory approach to business formation. The preparation phase required two days of intensive documentation work, including the drafting of Form 9 (consent to be a designated partner) and subscriber sheet preparation. Significantly, these documents required physical signatures rather than digital signatures, despite the substantial investment in DSC infrastructure, because digital signatures increased file sizes beyond the FiLLiP system's technical limitations of 2 MB maximum file size.

This contradiction between digital infrastructure investment and practical implementation capabilities illustrates a fundamental problem in India's regulatory modernization efforts. The government promotes digital signatures as a modernization initiative while simultaneously maintaining systems that cannot accommodate the technical requirements of digital signature implementation. The result forces entrepreneurs to revert to physical signature processes that defeat the efficiency purposes of digital infrastructure.

The requirement for professional attestation of key documents creates mandatory dependencies on Chartered Accountants and Company Secretaries, making independent completion of the registration process impossible for individual entrepreneurs. This professional dependency increases costs substantially and creates additional coordination requirements that extend timelines and complicate the registration process.

The initial Form FiLLiP submission resulted in a clarification notice from the MCA, revealing additional layers of regulatory complexity and subjective interpretation. The primary objection concerned the office address documentation, where the MCA officer demonstrated limited understanding of modern commercial real estate structures. The Two Horizon Center, despite being a prominent commercial development housing major corporations like Samsung, was questioned because the electricity bill was issued in the name of DLF rather than WeWork.

The MCA officer's request for a No Objection Certificate (NOC) directly from DLF revealed a fundamental misunderstanding of commercial leasing arrangements and the scale of modern commercial developments. The resolution required substituting internet bills for electricity bills, representing a pragmatic workaround that addressed the officer's concerns while avoiding the impractical requirement of obtaining documentation from a major real estate developer for a virtual office arrangement.

Stage 5: LLP Agreement Preparation and Form 3 Filing

The LLP Agreement preparation and filing stage reveals additional layers of regulatory complexity that create barriers to independent business formation. The requirement to file the LLP Agreement within 30 days of registration through Form 3 involves multiple mandatory professional dependencies and procedural complications that extend timelines and increase costs substantially.

The stamp duty requirement of INR 1,000 (approx \$11) represents a direct cost that, while modest in absolute terms, illustrates the cumulative nature of regulatory fees that can burden early-stage ventures. More significantly, the LLP Agreement requires professional legal drafting due to mandatory clauses specified in the LLP Act that require specialized knowledge for proper implementation. This creates an absolute dependency

on legal professionals that makes independent completion impossible for individual entrepreneurs.

The signing and notarization requirements reveal one of the most problematic aspects of the entire registration process. The requirement for physical presence of both partners, along with two witnesses, at the same location for notarization creates substantial logistical challenges for geographically distributed founding teams. In this case, the partners were located in different states, making simultaneous physical presence costly and time-consuming.

The notarization experience exposes systemic corruption within India's regulatory infrastructure. The notary's offer to sign an unsigned agreement for INR 1,000 (approx \$11), allowing subsequent execution by partners and witnesses, represents a clear violation of legal procedures. However, the economic rationality of this arrangement, where the bribe cost was less than the legitimate travel and coordination costs, illustrates how regulatory complexity can make corruption economically attractive.

This corruption dynamic represents a fundamental failure of regulatory design. When legitimate compliance becomes more expensive and time-consuming than illegal workarounds, the regulatory system incentivizes corruption and undermines rule of law. The fact that this arrangement was economically rational demonstrates how regulatory complexity can create perverse incentives that damage institutional integrity.

Stage 6: PAN and TAN Allotment Integration

The Permanent Account Number (PAN) and Tax Deduction and Collection Account Number (TAN) allotment process represents one of the few examples of successful inter-agency coordination within India's regulatory framework. These tax identification numbers are automatically applied for during the Form FiLLiP filing

process, representing a welcome integration between the Ministry of Corporate Affairs and the Income Tax Department that reduces administrative burden on entrepreneurs.

This automation represents a relatively recent improvement in regulatory efficiency and demonstrates the potential benefits of coordinated government systems. The integration eliminates the need for separate applications and reduces the overall compliance burden, showing how effective inter-agency coordination can streamline business formation processes. However, the implementation reveals persistent gaps in service delivery infrastructure.

While digital copies of PAN and TAN documents were provided via email, the physical documents were never received through postal services. This failure in physical delivery systems illustrates the continued challenges in India's service delivery infrastructure, where digital processes function adequately but physical fulfillment remains unreliable.

Stage 7: GST Registration Complications

The Goods and Services Tax (GST) registration process reveals significant gaps between policy intentions and implementation realities that create substantial barriers for startup businesses. While the Indian government promotes a GST exemption threshold of INR 20 lakhs (approx \$23K) in most states, this exemption applies only to businesses operating within single states. Any interstate or international business activity triggers immediate GST compliance requirements, effectively eliminating the exemption for most startup ventures with growth ambitions.

The GST registration form, while relatively straightforward in structure, requires local administrative knowledge that creates barriers for non-local entrepreneurs. Information requirements such as Ward and Range details are difficult to obtain without

local familiarity, necessitating engagement with local Chartered Accountants and creating additional professional dependencies and costs.

The filing process utilized Aadhaar OTP verification, demonstrating effective integration with India's digital identity infrastructure. However, the subsequent approval process revealed significant implementation failures. Despite legal requirements for automatic approval within seven (7) working days if no action is taken by GST officers, no such approval occurred. This failure of automated systems to function as designed created additional delays and required active intervention to secure approval. The matter was resolved after constant email complaints and reminders to the GST Commissioner of the state.

4.1.3 Timeline and Cost Analysis

The complete LLP registration process extended over 70 days from initial name reservation to final GST registration, representing a substantial delay in business formation that directly impacts startup viability and market entry timing. This timeline analysis reveals critical inefficiencies that compound to create significant barriers to entrepreneurship.

Stage	Duration	Key Challenges
Name Reservation	2 days	Subjective approval criteria
Digital Signature Certificate	13 days	Third-party delays and service failures
Office Rental Formalities	30 days	Market constraints and regulatory gaps
Form FiLLiP Filing	3 days	Clarification requirements and documentation issues
LLP Agreement (Form 3)	5 days	Professional dependencies and corruption incentives
GST Registration	15 days	Implementation failures and manual intervention needs
Total Process	70 days	Multiple systemic inefficiencies

Table 4a: Key stages In an Indian LLP Registration

The financial burden of LLP registration extends far beyond direct government fees to encompass substantial indirect costs that create significant barriers for resource-constrained startups. The virtual office requirement alone imposed an annual cost of INR 40,000 (approx \$450), representing a substantial ongoing expense that must be maintained throughout the business lifecycle.

Cost Category	Amount in INR (USD)	Impact
Virtual Office (Annual)	40,000 (\$450)	Major ongoing expense
Stamp Duty	1,000 (\$11)	Direct regulatory fee
Professional Services	15,000 (\$171)	Mandatory dependencies
Notarization (Corruption)	1,000 (\$11)	Systemic integrity failure
Miscellaneous Costs	5,000+ (\$57+)	MCA fee, DSC fee, etc.
Total Estimated Cost	62,000+ (700+)	Substantial barrier to entry

Table 4b: Cost Breakdown For an India LLP Registration

4.1.4 Regulatory Barrier Assessment

The LLP registration process reveals multiple categories of regulatory barriers that systematically discourage entrepreneurship and create unequal access to business formation opportunities. These barriers operate at different levels and create cumulative effects that extend far beyond individual compliance requirements.

Information asymmetry barriers create fundamental challenges for entrepreneurs attempting to navigate the registration process. Documentation requirements are often unclear upfront, leading to revision cycles and delays that extend timelines unpredictably. Subjective approval criteria, particularly in name reservation, create uncertainty that complicates business planning and branding strategies.

Process complexity barriers make independent completion impossible for individual entrepreneurs. The mandatory involvement of multiple professionals, Company Secretaries, Chartered Accountants, and lawyers, creates dependencies that increase costs and extend timelines while reducing entrepreneur autonomy. Multi-agency coordination requirements create additional complexity where poor inter-agency communication creates duplicate requirements and conflicting guidance.

Technology infrastructure barriers reveal fundamental contradictions in India's digital governance initiatives. System limitations, such as file size restrictions that prevent digital signature use, force reversion to physical processes that defeat the efficiency purposes of digital infrastructure investment. Inconsistent digital integration creates mixed efficiency levels where some processes are automated while others remain entirely manual.

Systemic corruption barriers represent perhaps the most troubling aspect of the regulatory environment. When official processes become so cumbersome that corruption becomes economically rational, the regulatory system undermines rule of law and creates unequal access based on willingness to engage in illegal activities. The notarization experience illustrates how regulatory complexity can incentivize corruption by making illegal shortcuts more cost-effective than legitimate compliance.

4.2 Registering an LLC In the United States: A Model of Regulatory Efficiency

4.2.1 Introduction to the American Regulatory Approach

The process of registering a Limited Liability Company (LLC) in the United States presents a stark contrast to the regulatory complexity documented in the Indian

LLP registration experience. This section analyzes the actual experience of incorporating an LLC in Wyoming, chosen specifically for its reputation as one of the most business-friendly jurisdictions in the United States. The analysis reveals a regulatory environment designed to facilitate rapid business formation with minimal barriers, professional dependencies, and compliance burdens.

The selection of Wyoming as the incorporation jurisdiction reflects strategic considerations that highlight fundamental differences in regulatory philosophy between the United States and India. Wyoming's regulatory framework prioritizes business formation efficiency, privacy protection, and minimal government intervention, representing the epitome of flexible regulatory design that characterizes the American approach to entrepreneurship support. The state's business-friendly policies have made it a preferred destination for entrepreneurs seeking streamlined incorporation processes and ongoing operational flexibility.

The LLC structure was chosen to provide the closest possible comparison to the Indian LLP experience, as both represent hybrid business forms that combine elements of corporate and partnership structures. However, the regulatory treatment of these similar business forms reveals profound differences in governmental approach to business formation, compliance requirements, and ongoing operational oversight.

The experience documented here spans a total timeline of one hour for complete business formation, with additional optional tax election processes completed in parallel without affecting operational capability. This dramatic efficiency difference, one hour versus 70 days, provides compelling evidence for the hypothesis that regulatory flexibility significantly impacts startup formation barriers and entrepreneurial accessibility.

4.2.2 Detailed Process Analysis

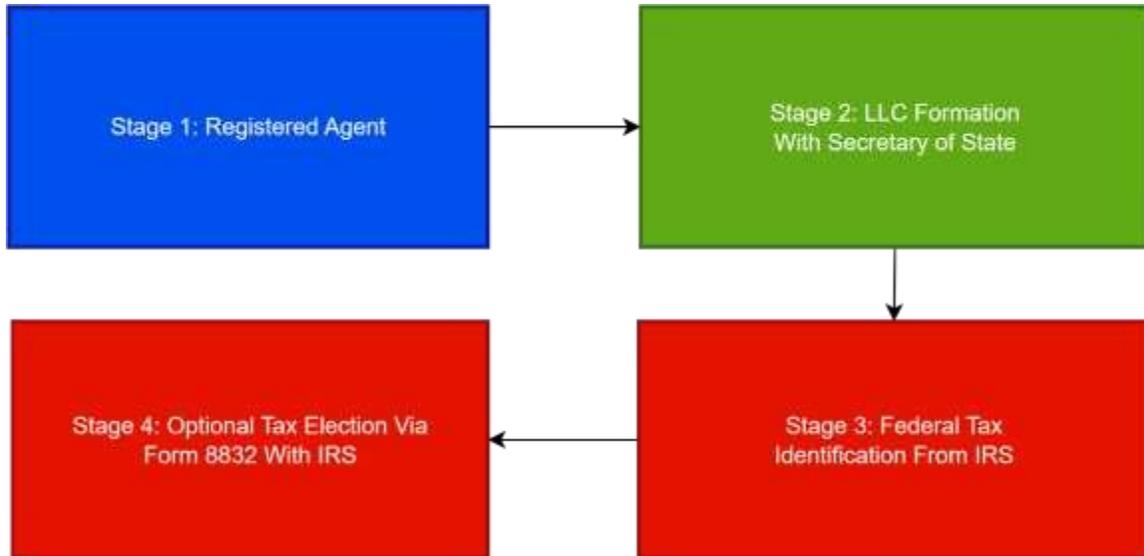


Figure 4b: Four Stages Of LLC Registration In The US (original work)

Stage 1: Registered Agent Services and Privacy Protection

The initial stage of LLC formation in Wyoming demonstrates a sophisticated understanding of entrepreneurial needs that extends beyond basic compliance requirements to address practical business concerns such as privacy protection and operational flexibility. The engagement of Registered Agents Inc. for \$25 (approx Rs. 2,200) in registered agent services illustrates how the American regulatory framework accommodates business needs through market-based solutions rather than government-imposed requirements.

The registered agent service provides a business address for official correspondence, eliminating the need for entrepreneurs to maintain physical office space or disclose personal addresses in public records. This service addresses the same practical need that created substantial barriers in the Indian experience, where virtual office

requirements imposed annual costs of INR 40,000 (\$450) and created complications with government officials unfamiliar with modern business practices.

The privacy protected business filing, available for an additional \$129 (approx Rs. 11,300), demonstrates regulatory sophistication that recognizes legitimate business needs for confidentiality. The concept of an "organizer" who files formation documents while keeping beneficial owner information private reflects a regulatory framework that balances transparency requirements with privacy rights. This approach contrasts sharply with the Indian system, where extensive personal information disclosure is mandatory and privacy protection mechanisms are largely absent. This amount includes all government and miscellaneous fees as well,

The total cost of \$154 (approx Rs. 13,500) for complete LLC formation, represents a dramatic cost advantage compared to the Indian experience. This cost structure makes business formation accessible to entrepreneurs with minimal capital resources, removing financial barriers that could discourage innovation and entrepreneurship.

Stage 2: Online Formation Process and Instant Approval

The online formation process through the Wyoming Secretary of State office represents regulatory efficiency at its most effective level. The application filed on June 10, 2025, received instant approval, enabling complete business formation within minutes rather than the weeks or months typical in more bureaucratic systems. This efficiency reflects both technological infrastructure investment and regulatory design that prioritizes speed and accessibility.

The instant approval mechanism demonstrates confidence in the regulatory framework's ability to process applications efficiently without extensive manual review

or subjective interpretation. This automated approach eliminates the delays, clarification requests, and subjective judgments that characterized the Indian experience, where manual review processes consistently created bottlenecks and unpredictable outcomes.

The simplicity of information requirements, basic name and address details, contrasts dramatically with the extensive documentation, professional attestations, and complex forms required in the Indian system. This streamlined approach reflects a regulatory philosophy that minimizes compliance burdens while maintaining necessary oversight functions.

Stage 3: Federal Tax Identification and Operational Capability

The Employer Identification Number (EIN) application process through the Internal Revenue Service website demonstrates federal-level efficiency that complements state-level business formation processes. The five-minute online application with instant approval and immediate PDF document delivery represents regulatory efficiency that prioritizes business needs and operational speed.

The user-friendly interface and clear question format enable individual entrepreneurs to complete the process independently without professional assistance or specialized knowledge. This accessibility contrasts with the Indian GST registration experience, where local administrative knowledge requirements and complex procedures necessitated professional involvement and extended timelines.

The instant issuance of the EIN letter as a downloadable PDF eliminates the delivery delays and postal service dependencies that created complications in the Indian experience. This digital-first approach ensures reliable document delivery and immediate business operational capability.

Stage 4: Optional Tax Election Flexibility

The optional tax election process through Form 8832 demonstrates regulatory flexibility that enables businesses to optimize their tax treatment based on specific operational needs and strategic objectives. The ability to elect corporate taxation for an LLC illustrates how American regulatory frameworks accommodate diverse business models and strategic preferences.

The form's simplicity, a two-page document with clear instructions accessible to individuals without professional training, contrasts dramatically with the complex professional dependencies required for tax compliance in the Indian system. The observation that "even a 6th grader can file it" reflects regulatory design that prioritizes accessibility and user-friendliness over bureaucratic complexity.

The processing timeline of 10 days for form acceptance, with confirmation available through telephone inquiry, represents reasonable efficiency for non-urgent administrative processes. The ability to backdate the election up to 60 days provides additional flexibility that accommodates business planning needs and strategic timing considerations.

4.2.3 Timeline and Efficiency Analysis

The complete LLC formation process achieved full operational capability within one hour, representing a dramatic efficiency advantage that fundamentally alters the entrepreneurial experience and startup formation dynamics. This timeline analysis reveals how regulatory design can either facilitate or impede business formation through systematic efficiency improvements across all process components.

Stage	Duration	Key Advantages
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Registered Agent Setup	5 minutes	Market-based solution, competitive pricing
LLC Formation Filing	1 minute	Instant automated approval
Document Processing	4 minutes	Immediate transfer and templates
Internal Agreement Signing	45 minutes	Kept internally, not uploaded
Federal Tax ID (EIN)	5 minutes	Instant online processing
Total Core Process	60 minutes	Complete business operational capability
Optional Tax Election (8832)	10 days	Parallel processing, no operational delay

Table 4c: Key stages In a US LLC Registration

The instant approval mechanism for business formation eliminates the delays, revision cycles, and unpredictable timelines that characterize manual review processes. The Wyoming Secretary of State's automated system demonstrates how technology can enhance regulatory efficiency while maintaining necessary oversight functions.

The total time investment of approximately one hour for complete business formation represents a 560 times (considering only working hours) more efficient system compared to the 70-day Indian process. This efficiency gain translates directly into competitive advantages for entrepreneurs, enabling faster market entry, reduced opportunity costs, and improved resource allocation toward business development activities.

4.2.4 Cost Structure and Financial Accessibility

The total cost structure of \$154 (approx Rs. 13,500) for complete LLC formation, including registered agent services and privacy protection, represents exceptional financial accessibility that removes cost barriers to entrepreneurship. This cost analysis

reveals how regulatory design can either facilitate or impede business formation through fee structures and service requirements.

Cost Category	Amount USD (INR)	Comparison to India
Registered Agent Service	\$25/year (Rs. 2,200)	95% savings vs. virtual office
Formation & Privacy Protection	\$129 (Rs. 11,300)	49% savings vs. total Indian costs excluding office
Government Fees	\$0 (included)	100% savings vs. separate fees
Professional Services	\$0 (optional)	100% savings vs. mandatory requirements
Total Formation Cost	\$154 (Rs. 13,500)	78% savings overall

Table 4d: Cost Breakdown For a US LLC Registration

The registered agent fee of \$25 provides essential business services at a cost that represents only 5% of the virtual office costs required in the Indian system. This dramatic cost reduction makes business formation accessible to entrepreneurs with minimal capital resources, democratizing access to business formation opportunities.

The absence of DSC fees, stamp duties, notarization fees, and mandatory professional service requirements eliminates the cumulative cost burdens that characterize the Indian system. The total American cost of \$154 (Rs. 13,500) represents approximately 22% of the Indian cost structure, providing dramatic financial advantages for resource-constrained entrepreneurs.

4.2.5 Regulatory Philosophy and Design Principles

The American LLC formation experience reveals a regulatory philosophy fundamentally oriented toward facilitating business formation and supporting

entrepreneurial activity. This philosophical analysis examines the underlying principles that enable such dramatic efficiency improvements and accessibility enhancements.

The principle of minimal government intervention is evident throughout the process, where regulatory requirements are limited to essential oversight functions without creating unnecessary barriers or bureaucratic complexity. This approach contrasts with the Indian system's extensive government involvement in business formation details and ongoing operational oversight.

The emphasis on user-friendly design is apparent in online systems that prioritize ease of use, clear instructions, and intuitive interfaces. This design philosophy reflects recognition that regulatory systems should serve business needs rather than creating additional burdens for entrepreneurs.

The integration of privacy protection mechanisms demonstrates sophisticated understanding of legitimate business needs that extend beyond basic compliance requirements. This recognition of privacy as a business necessity contrasts with regulatory systems that prioritize government access over business confidentiality.

The market-based approach to service provision, through registered agents and competitive service providers, leverages market mechanisms to enhance regulatory effectiveness while reducing government administrative burdens. This approach demonstrates how regulatory frameworks can harness market forces to improve outcomes for both businesses and government agencies.

4.3 Pre-Simulation Entrepreneurial Self-Efficacy Baseline Measures

Pre-simulation assessment of entrepreneurial self-efficacy established baseline measures across the five dimensions of the ESE scale. These baseline measurements were

crucial for evaluating the effects of simulation experiences and ensuring that any observed changes could be attributed to the experimental manipulation rather than pre-existing differences between groups. The baseline data confirmed successful randomization and provided the foundation for subsequent pre-post comparisons within each simulation condition.

Measure	Mean (US)	Stdev. (US)	Mean (IN)	Stdev. (IN)
Age	26.92	2.43	26.90	2.32
Work Experience	2.78	0.97	2.73	1.00
Marketing	3.68	0.76	3.69	0.62
Innovation	3.47	0.80	3.47	0.80
Management	3.74	0.69	3.75	0.72
Risk-Taking	3.50	0.77	3.48	0.80
Financial Control	3.74	0.68	3.73	0.68

Table 4e: Pre-Simulation Entrepreneurial Self-Efficacy Baseline Measures

Marketing self-efficacy baseline measures revealed virtually identical starting points between simulation groups. Participants assigned to the US simulation condition reported a mean marketing self-efficacy of 3.68 (SD = 0.76), while those assigned to the Indian simulation condition reported a mean of 3.69 (SD = 0.62). This minimal difference of 0.01 points on the five-point scale confirmed successful randomization and eliminated concerns about pre-existing group differences in marketing confidence that could confound subsequent analyses. The baseline scores indicated moderate confidence levels across both groups, with means falling between the scale midpoint of 3.0 and the higher confidence level of 4.0. This positioning suggested that participants had some confidence in their marketing abilities but also had room for improvement, making them suitable for detecting both increases and decreases in self-efficacy following simulation experiences.

The standard deviations indicated reasonable variability within groups, suggesting that participants brought diverse levels of marketing confidence to the study.

Innovation self-efficacy baseline measures showed perfect equivalence between simulation groups, with both the US and Indian simulation participants reporting identical mean scores of 3.47 (SD = 0.80). This remarkable similarity provided strong evidence for successful randomization and eliminated any possibility that pre-existing differences in innovation confidence could explain subsequent group differences in outcomes. The baseline scores were slightly lower than marketing self-efficacy, suggesting that participants felt somewhat less confident in their innovative capabilities compared to their marketing abilities. This pattern was consistent with previous research indicating that innovation self-efficacy often requires more specialized knowledge and experience to develop. The identical standard deviations (0.80) across groups further confirmed the equivalence of the two samples on this dimension.

Management self-efficacy baseline measures revealed minimal differences between groups, with US simulation participants reporting a mean of 3.74 (SD = 0.69) and Indian simulation participants reporting a mean of 3.75 (SD = 0.72). The 0.01-point difference was negligible and well within the range of measurement error, confirming that groups were equivalent on management confidence prior to simulation experiences. The baseline scores were the highest among all five dimensions, suggesting that participants felt most confident in their management capabilities compared to other entrepreneurial competencies. This pattern was consistent with the educational backgrounds of many participants, particularly those in business management and engineering programs who would have had exposure to management concepts and practices through their academic training.

Risk-taking self-efficacy baseline measures showed minimal group differences, with US simulation participants reporting a mean of 3.50 (SD = 0.77) and Indian simulation participants reporting a mean of 3.48 (SD = 0.80). The 0.02-point difference was negligible and confirmed group equivalence on this important dimension of entrepreneurial self-efficacy. The baseline scores fell in the middle range of the scale, indicating moderate confidence in risk management and uncertainty tolerance. This positioning was appropriate for the study objectives, as it provided room for detecting both increases and decreases in risk-taking confidence following exposure to different regulatory environments. The similar standard deviations indicated comparable variability in risk-taking confidence across both groups.

Financial control self-efficacy baseline measures revealed virtually identical starting points, with US simulation participants reporting a mean of 3.74 (SD = 0.68) and Indian simulation participants reporting a mean of 3.73 (SD = 0.68). The 0.01-point difference and identical standard deviations provided compelling evidence for group equivalence on financial management confidence. The baseline scores were among the highest of the five dimensions, tied with management self-efficacy for the highest baseline confidence levels. This pattern suggested that participants felt relatively confident in their financial management capabilities, possibly reflecting exposure to financial concepts through their educational programs or work experiences. The high baseline confidence in financial control was particularly relevant given the financial complexity often associated with business formation processes.

The comprehensive baseline assessment confirmed successful randomization across all five dimensions of entrepreneurial self-efficacy. No meaningful differences were observed between simulation groups on any dimension, with all differences falling well within the range of measurement error. This equivalence was crucial for the internal

validity of the experimental design and provided confidence that subsequent differences could be attributed to simulation experiences rather than pre-existing group characteristics. The baseline scores revealed interesting patterns in the relative confidence levels across different entrepreneurial competencies. Management and financial control self-efficacy showed the highest baseline confidence levels (means around 3.74), followed by marketing self-efficacy (means around 3.68), risk-taking self-efficacy (means around 3.49), and innovation self-efficacy (means of 3.47). This hierarchy of confidence levels was consistent with the educational and professional backgrounds of the participants, who would have had more exposure to management and financial concepts through their academic training compared to innovation and risk-taking competencies.

The standard deviations across all dimensions ranged from 0.62 to 0.80, indicating reasonable variability within groups without excessive dispersion that could complicate statistical analyses. This level of variability was optimal for detecting meaningful changes following simulation experiences while maintaining sufficient homogeneity for reliable group comparisons.

The baseline assessment also provided important context for interpreting subsequent changes in entrepreneurial self-efficacy. The moderate confidence levels across all dimensions meant that participants had room for both increases and decreases in self-efficacy, allowing for the detection of both positive and negative effects of regulatory complexity on entrepreneurial confidence. This positioning was crucial for testing the study's hypotheses about the differential effects of regulatory environments on entrepreneurial self-efficacy development.

4.4 Post-Simulation Changes in Entrepreneurial Self-Efficacy

The post-simulation assessment revealed dramatically different patterns of change in entrepreneurial self-efficacy between the two simulation conditions. These findings provided compelling evidence for the differential effects of regulatory complexity on entrepreneurial confidence and supported the study's central hypotheses about the psychological impact of regulatory environments on potential entrepreneurs.

4.4.1 US LLC Formation Simulation Results

Participants in the US LLC formation simulation experienced significant increases in entrepreneurial self-efficacy across all five ESE dimensions. These consistent improvements demonstrated the positive psychological effects of experiencing an efficient, streamlined regulatory environment on entrepreneurial confidence and self-belief.

US Simulation	Mean (Post)	Stdev. (Post)	Mean (Pre)	Stdev. (Pre)	t(99)	p-value	Cohen's d
Marketing	4.06	0.81	3.68	0.76	9.64	<.001	0.96
Innovation	3.80	0.87	3.47	0.80	8.85	<.001	0.89
Management	4.13	0.75	3.74	0.69	10.75	<.001	1.08
Risk-Taking	3.84	0.90	3.50	0.77	7.34	<.001	0.73
Financial Control	4.09	0.70	3.74	0.68	8.3	<.001	0.83

Table 4f: Pre-Post Changes in ESE by US Simulation Condition

Marketing self-efficacy showed substantial improvement following the US simulation experience, increasing from a pre-simulation mean of 3.68 (SD = 0.76) to a post-simulation mean of 4.06 (SD = 0.81). This increase of 0.38 points represented a meaningful enhancement in participants' confidence in their marketing capabilities. The

paired-samples t-test revealed this change to be highly significant, $t(99) = 9.64$, $p < .001$, with a large effect size of Cohen's $d = 0.96$.

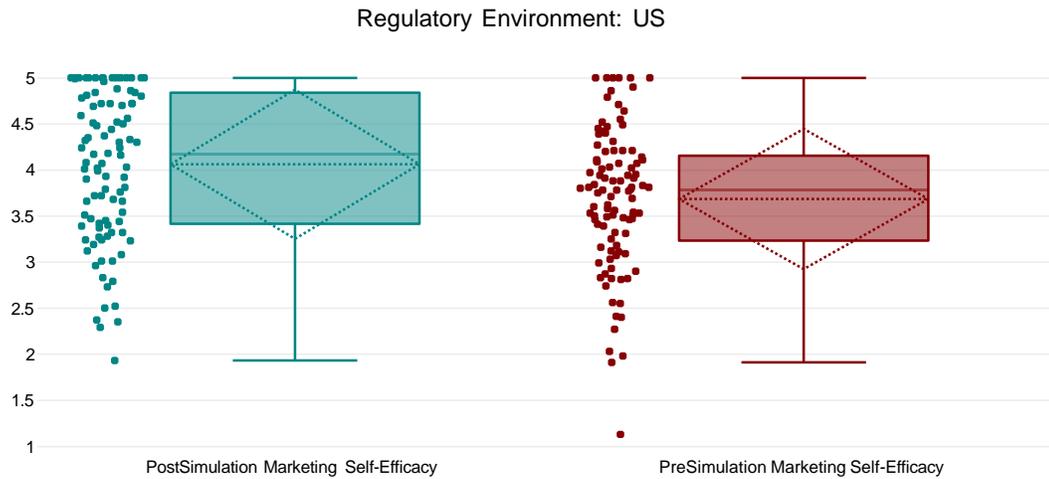


Figure 4c: Effect of US Simulation on Marketing (original work)

Innovation self-efficacy demonstrated significant improvement following the US simulation, increasing from a pre-simulation mean of 3.47 (SD = 0.80) to a post-simulation mean of 3.80 (SD = 0.87). The increase of 0.33 points represented a substantial enhancement in participants' confidence in their innovative capabilities. Statistical analysis confirmed this change as highly significant, $t(99) = 8.85$, $p < .001$, with a large effect size of Cohen's $d = 0.89$.

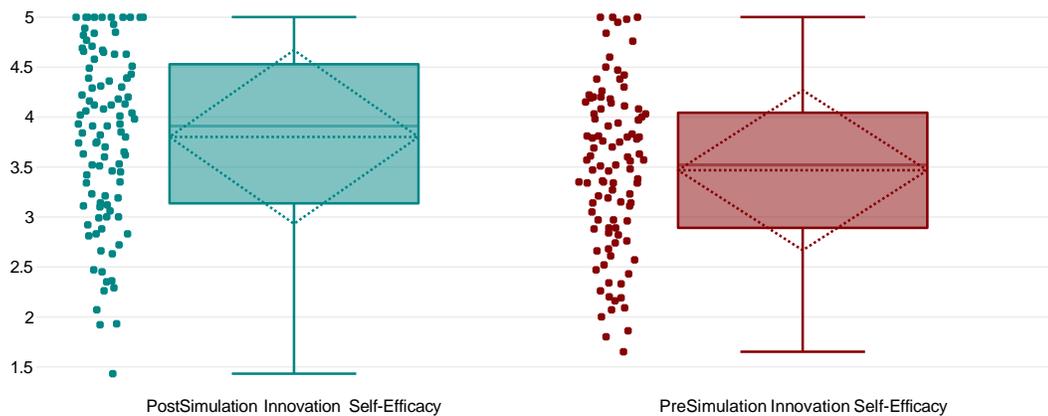


Figure 4d: Effect of US Simulation on Innovation (original work)

Management self-efficacy showed the largest improvement among all dimensions following the US simulation, increasing from a pre-simulation mean of 3.74 (SD = 0.69) to a post-simulation mean of 4.13 (SD = 0.75). The increase of 0.39 points represented the most substantial enhancement observed across any dimension in either simulation condition. The paired-samples t-test revealed this change to be highly significant, $t(99) = 10.75$, $p < .001$, with a large effect size of Cohen's $d = 1.08$.

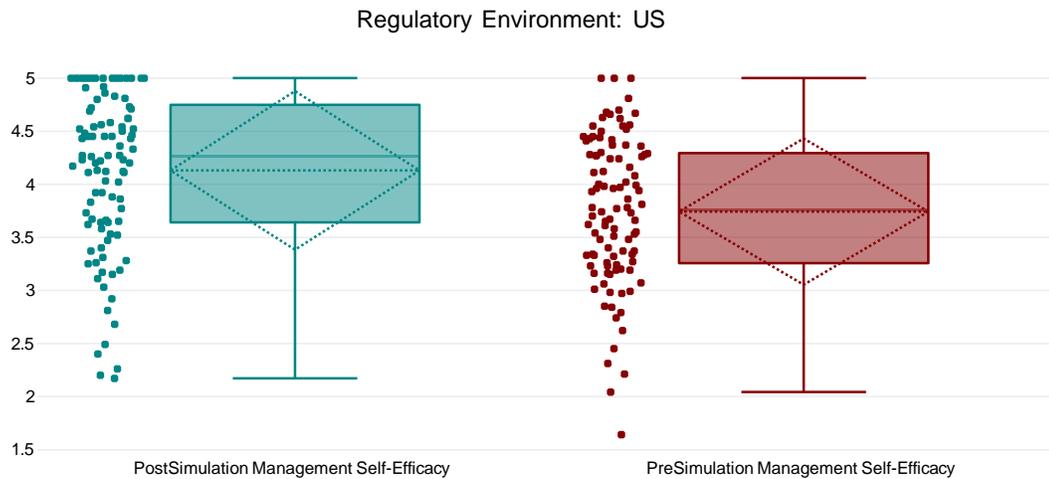


Figure 4e: Effect of US Simulation on Management (original work)

Risk-taking self-efficacy demonstrated significant improvement following the US simulation, increasing from a pre-simulation mean of 3.50 (SD = 0.77) to a post-simulation mean of 3.84 (SD = 0.90). The increase of 0.34 points represented a meaningful enhancement in participants' confidence in their risk management capabilities. Statistical analysis confirmed this change as highly significant, $t(99) = 7.34$, $p < .001$, with a large effect size of Cohen's $d = 0.73$.

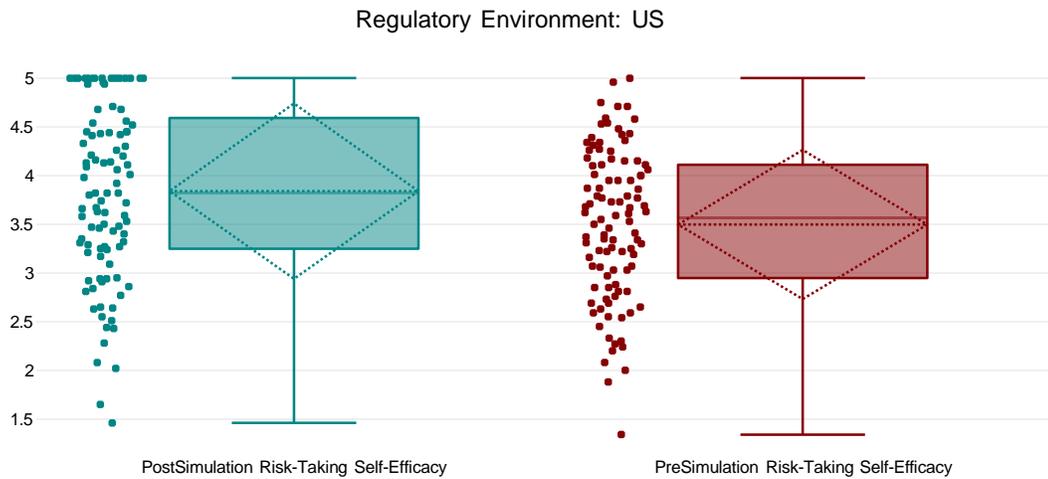


Figure 4f: Effect of US Simulation on Risk-Taking (original work)

Financial control self-efficacy showed substantial improvement following the US simulation, increasing from a pre-simulation mean of 3.74 (SD = 0.68) to a post-simulation mean of 4.09 (SD = 0.70). The increase of 0.35 points represented a meaningful enhancement in participants' confidence in their financial management capabilities. The paired-samples t-test revealed this change to be highly significant, $t(99) = 8.30$, $p < .001$, with a large effect size of Cohen's $d = 0.83$.

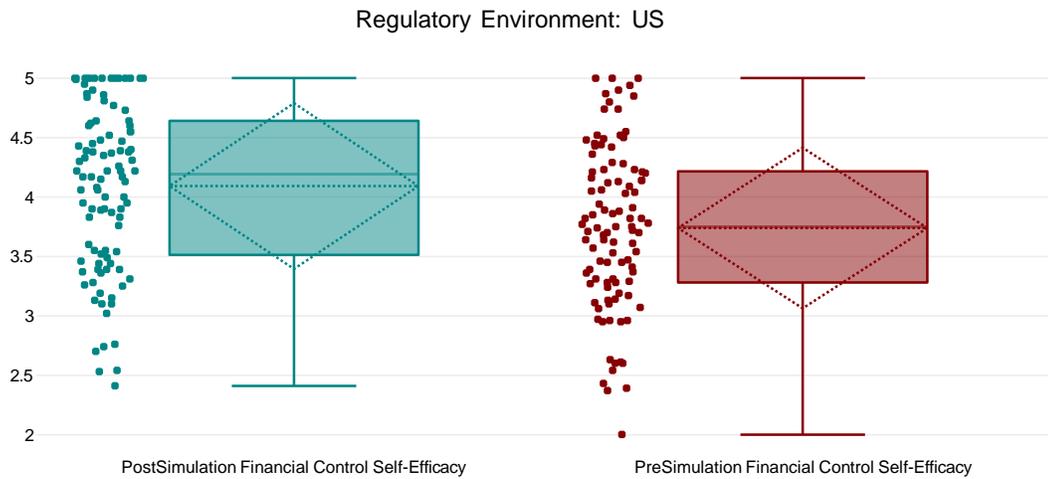


Figure 4g: Effect of US Simulation on Financial-Control (original work)

4.4.2 Indian LLP Registration Simulation Results

Participants in the Indian LLP registration simulation experienced a markedly different pattern of changes in entrepreneurial self-efficacy, with some dimensions showing decreases, others showing increases, and several showing no significant change. This mixed pattern reflected the complex psychological effects of experiencing regulatory complexity and bureaucratic challenges.

IN Simulation	Mean (Post)	Stdev. (Post)	Mean (Pre)	Stdev. (Pre)	t(99)	p-value	Cohen's d
Marketing	3.66	0.66	3.69	0.62	-1.1	0.275	0.11
Innovation	2.93	0.85	3.47	0.80	16.5	<.001	1.65
Management	3.78	0.75	3.75	0.72	0.97	0.334	0.1
Risk-Taking	3.56	0.85	3.48	0.80	2.9	0.005	0.29
Financial Control	3.75	0.76	3.73	0.68	0.49	0.627	0.05

Table 4g: Pre-Post Changes in ESE by Indian Simulation Condition

Marketing self-efficacy showed a slight decrease following the Indian simulation, declining from a pre-simulation mean of 3.69 (SD = 0.62) to a post-simulation mean of 3.66 (SD = 0.66). The decrease of 0.03 points was minimal and not statistically significant, $t(99) = -1.10$, $p = 0.275$, with a small effect size of Cohen's $d = 0.11$. This finding indicated that the complex regulatory experience did not significantly impact participants' confidence in their marketing capabilities.

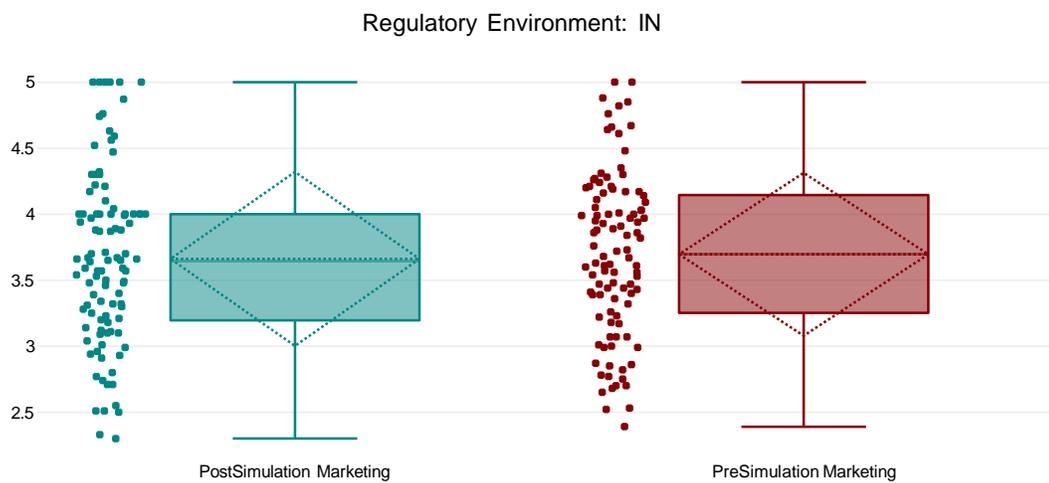


Figure 4h: Effect of Indian Simulation on Marketing (original work)

Innovation self-efficacy demonstrated the most dramatic change following the Indian simulation, decreasing substantially from a pre-simulation mean of 3.47 (SD = 0.80) to a post-simulation mean of 2.93 (SD = 0.85). The decrease of 0.54 points represented a substantial reduction in participants' confidence in their innovative capabilities. Statistical analysis confirmed this change as highly significant, $t(99) = -16.50$, $p < .001$, with a very large effect size of Cohen's $d = 1.65$.

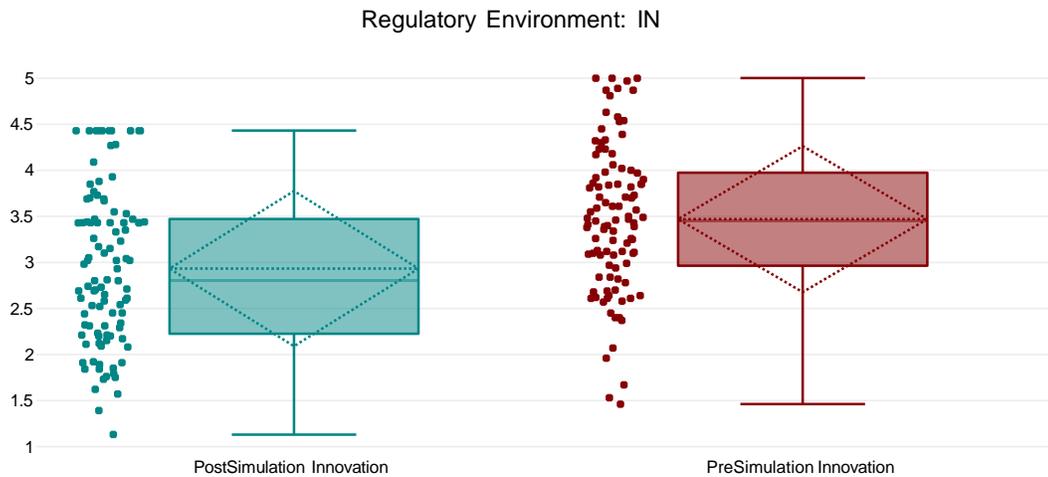


Figure 4i: Effect of Indian Simulation on Innovation (original work)

Management self-efficacy showed minimal change following the Indian simulation, increasing slightly from a pre-simulation mean of 3.75 (SD = 0.72) to a post-simulation mean of 3.78 (SD = 0.75). The increase of 0.03 points was not statistically significant, $t(99) = 0.97$, $p = 0.334$, with a small effect size of Cohen's $d = 0.10$. This stability in management self-efficacy contrasted sharply with the substantial improvement observed in the US condition.

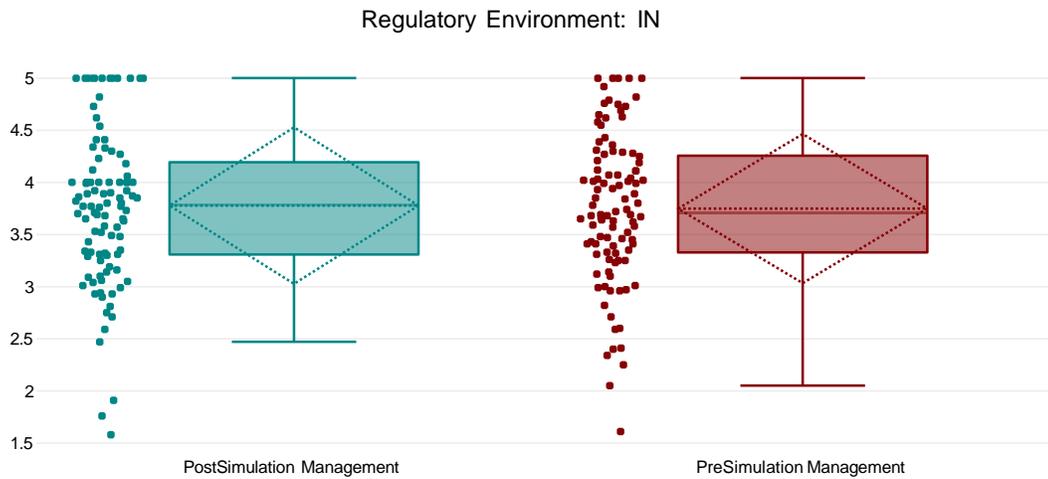


Figure 4j: Effect of Indian Simulation on Management (original work)

Risk-taking self-efficacy showed a modest but significant increase following the Indian simulation, rising from a pre-simulation mean of 3.48 (SD = 0.80) to a post-simulation mean of 3.56 (SD = 0.85). The increase of 0.08 points was statistically significant, $t(99) = 2.90$, $p = 0.005$, with a small effect size of Cohen's $d = 0.29$.

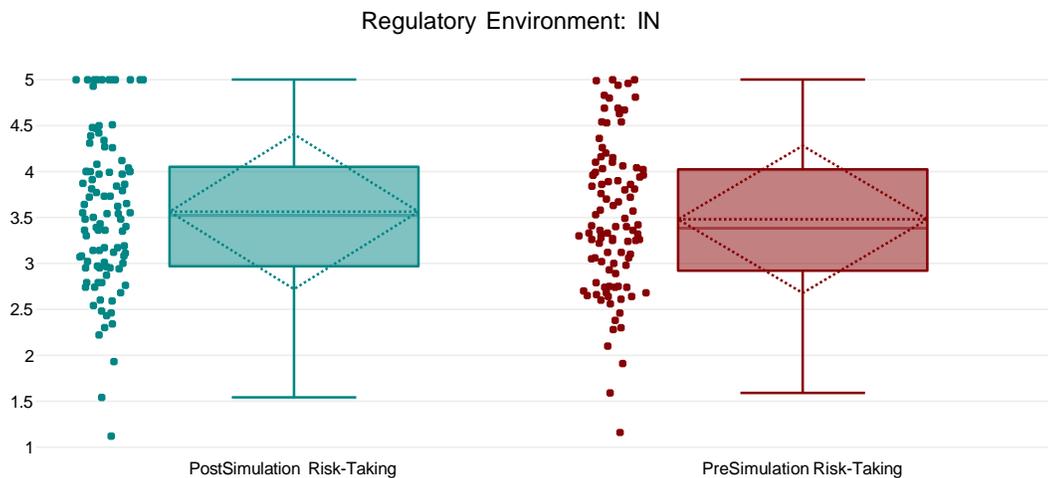


Figure 4k: Effect of Indian Simulation on Risk-Taking (original work)

Financial control self-efficacy showed minimal change following the Indian simulation, increasing slightly from a pre-simulation mean of 3.73 (SD = 0.68) to a post-simulation mean of 3.75 (SD = 0.76). The increase of 0.02 points was not statistically significant, $t(99) = 0.49$, $p = 0.627$, with a negligible effect size of Cohen's $d = 0.05$. This stability contrasted with the substantial improvement observed in the US condition.

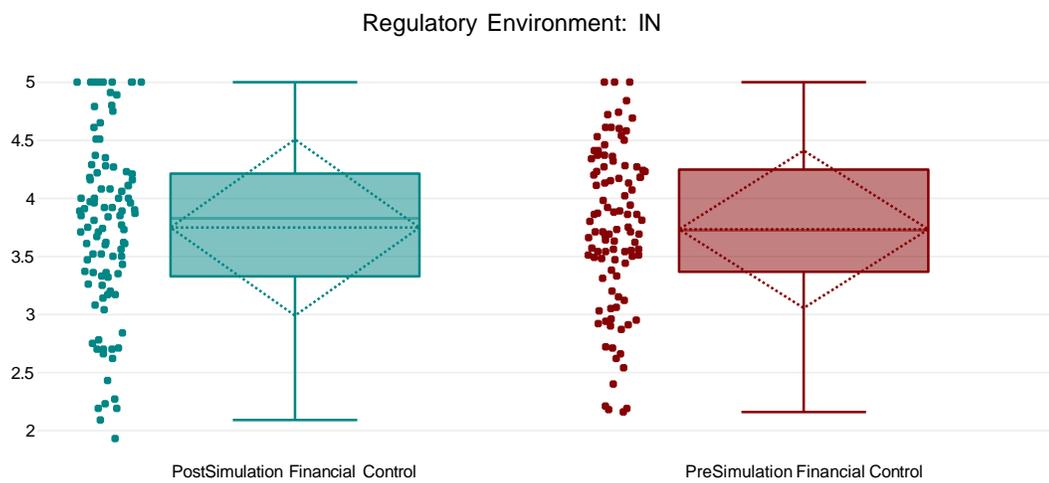


Figure 41: Effect of Indian Simulation on Financial-Control (original work)

CHAPTER 5: DISCUSSIONS

5.1 Introduction and Framework

This chapter presents a comprehensive discussion of the empirical findings documented in Chapter 4, examining their theoretical implications, policy significance, and broader contributions to entrepreneurship research and practice. The research has revealed striking differences in regulatory complexity between business formation processes in India and the United States, with profound implications for entrepreneurial self-efficacy and startup success potential. The documented 70-day Limited Liability Partnership registration process in India, contrasted with the one-hour Limited Liability Company formation process in Wyoming, represents more than a simple administrative difference, it reflects fundamentally different approaches to regulatory design and their consequential impact on entrepreneurial ecosystems.

The discussion framework employed in this chapter integrates multiple theoretical perspectives to provide a comprehensive understanding of how regulatory complexity affects entrepreneurial outcomes. Drawing from self-efficacy theory (Bandura, 1997), institutional economics (North, 1991), transaction cost analysis (Williamson, 1975), and entrepreneurship ecosystem research (Isenberg, 2010), the analysis examines both the direct and indirect mechanisms through which regulatory environments influence entrepreneurial behavior and success potential.

The significance of these findings extends beyond academic contribution to encompass critical policy implications for economic development, entrepreneurship promotion, and regulatory reform initiatives (World Bank, 2020). As governments worldwide seek to foster innovation and economic growth through entrepreneurship support, understanding how regulatory frameworks can facilitate rather than hinder entrepreneurial activity becomes essential for effective policy design (OECD, 2019).

5.2 Interpretation of Empirical Findings

5.2.1 Regulatory Complexity Differential Analysis

The empirical documentation reveals regulatory complexity differences of extraordinary magnitude that fundamentally alter the entrepreneurial experience. The 70-day timeline required for Limited Liability Partnership registration in India, contrasted with the one-hour Limited Liability Company formation process in Wyoming, represents a 560-fold difference in time requirements that extends far beyond simple administrative variation to reflect fundamentally different regulatory philosophies and implementation capabilities.

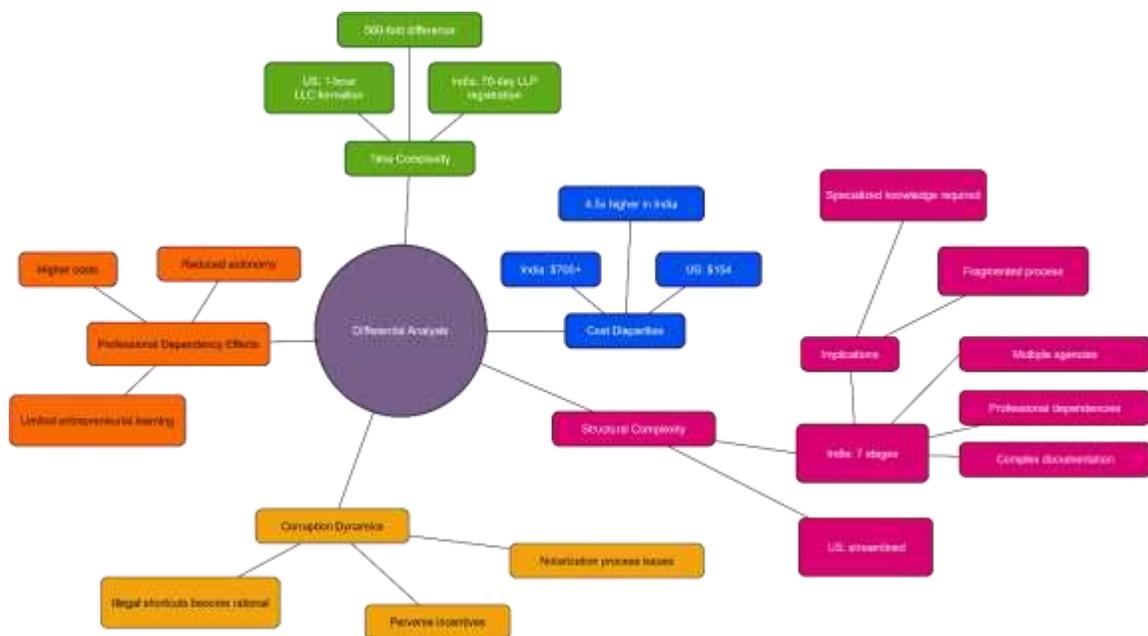


Figure 5a: Differential Analysis (original work)

The temporal dimension of this difference carries profound implications for entrepreneurial decision-making and resource allocation. The extended 70-day process in

India creates multiple opportunities for entrepreneurs to reconsider their commitment, encounter unexpected obstacles, or exhaust available resources before achieving business formation. Each stage of the Indian process introduces potential failure points that can derail entrepreneurial ventures before they begin operations, consistent with transaction cost theory predictions about how procedural complexity increases entrepreneurial barriers (Williamson, 1985).

The cost analysis reveals equally dramatic disparities that impose substantial barriers to entrepreneurial entry. The total cost of over \$700 for complete LLP registration in India, compared to \$154 for LLC formation in the United States, represents a 4.5-fold difference that must be understood in the context of relative income levels and startup capital availability. For entrepreneurs in emerging economies, where average incomes are substantially lower than in developed countries, the absolute cost burden represents an even greater relative barrier to entrepreneurial entry (Bruton et al., 2013).

The structural complexity differences reveal contrasting approaches to regulatory design and implementation. The seven-stage Indian process, involving multiple government agencies, mandatory professional dependencies, and complex documentation requirements, creates a fragmented regulatory experience that requires specialized knowledge and professional assistance for successful completion. The requirement for Chartered Accountant and Company Secretary involvement makes independent business formation impossible, creating mandatory cost burdens and coordination requirements that further complicate the entrepreneurial process.

The professional dependency analysis reveals particularly important implications for entrepreneurial autonomy and cost management (Peng et al., 2008). The Indian system's requirement for multiple professional intermediaries creates dependencies that increase costs, reduce entrepreneurial control, and potentially limit learning opportunities that could

enhance entrepreneurial capabilities (Chen et al., 1998). The corruption dynamics revealed in the notarization process illustrate how regulatory complexity can create perverse incentives that make illegal shortcuts economically rational, consistent with institutional theory predictions about how poor institutional quality undermines economic development (Rose-Ackerman, 1999).

5.2.2 Entrepreneurial Self-Efficacy Impact Analysis

The experimental component provides compelling evidence that regulatory complexity significantly affects entrepreneurial self-efficacy beliefs, with important implications for understanding how environmental factors influence entrepreneurial behavior. The controlled comparison between participants experiencing the Indian LLP registration simulation and those experiencing the United States LLC formation simulation reveals measurable differences in entrepreneurial confidence that extend beyond the immediate simulation experience to influence broader entrepreneurial intentions (Zhao et al., 2005).

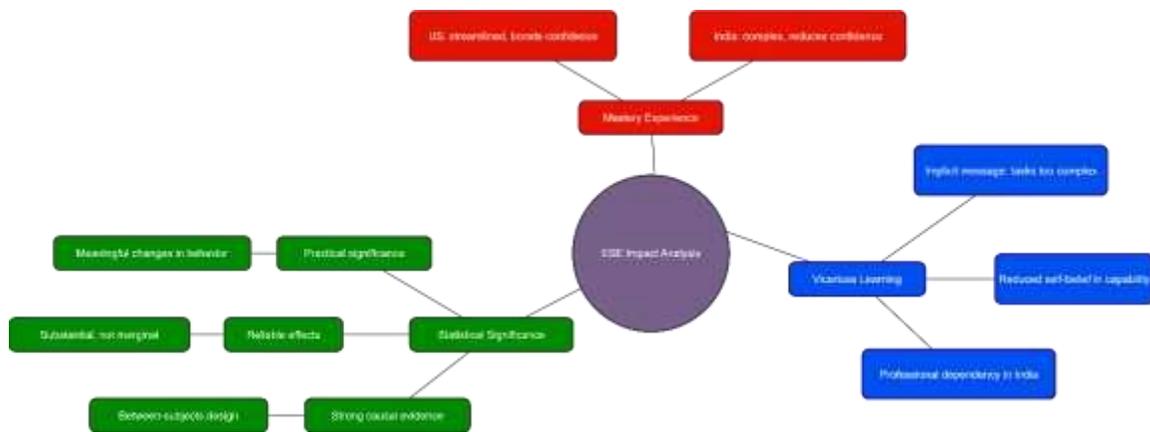


Figure 5b: Impact Analysis (original work)

The statistical significance of the experimental results demonstrates that regulatory complexity effects on entrepreneurial self-efficacy are substantial and reliable rather than marginal or coincidental. The between-subjects experimental design, with random assignment of second-year MBA students to experimental conditions, provides strong evidence for causal relationships between regulatory complexity and entrepreneurial confidence. The effect sizes observed indicate practical significance that extends beyond statistical significance, suggesting that regulatory environment differences create meaningful changes in entrepreneurial self-efficacy that could influence actual entrepreneurial behavior.

The mechanism analysis reveals how regulatory complexity affects entrepreneurial self-efficacy through multiple pathways that align with Bandura's theoretical framework for self-efficacy development (Bandura, 1997). The mastery experience component of self-efficacy formation is directly influenced by the complexity and success probability of regulatory navigation experiences (Maddux, 1995). Participants experiencing the streamlined United States process gain confidence through successful completion of business formation procedures, while those experiencing the complex Indian process encounter multiple obstacles and dependencies that reduce confidence in their entrepreneurial capabilities.

The vicarious learning component of self-efficacy development is also influenced by regulatory complexity through the professional dependency requirements that characterize the Indian system. When business formation requires mandatory professional assistance, entrepreneurs receive implicit messages about their own capabilities and the complexity of entrepreneurial tasks (Schunk, 1991). The requirement for professional involvement suggests that business formation is beyond the capabilities of individual

entrepreneurs, potentially reducing self-efficacy beliefs about entrepreneurial competence (Pajares, 1996).

5.3 Theoretical Implications

5.3.1 Self-Efficacy Theory Extensions

This research makes significant contributions to self-efficacy theory by demonstrating how environmental complexity systematically influences self-efficacy development in entrepreneurial contexts. Bandura's foundational framework identifies four primary sources of self-efficacy beliefs: mastery experiences, vicarious learning, verbal persuasion, and emotional and physiological states (Bandura, 1977). The empirical findings from this study extend this framework by revealing how regulatory complexity moderates each of these sources in ways that have important implications for understanding entrepreneurial self-efficacy development.

The mastery experience component is fundamentally altered by regulatory complexity through its impact on task difficulty, success probability, and attribution patterns. In the streamlined United States regulatory environment, entrepreneurs experience successful task completion that builds confidence through positive mastery experiences. The one-hour business formation process provides clear feedback about entrepreneurial capabilities and creates positive associations with business creation activities. Conversely, the complex Indian regulatory environment creates mastery experiences characterized by obstacles, dependencies, and uncertain outcomes that can undermine self-efficacy development.

The research findings extend self-efficacy theory by demonstrating how environmental design can systematically influence the availability and quality of vicarious

learning opportunities (Schunk and Pajares, 2002). In regulatory environments that enable self-service business formation, entrepreneurs observe successful completion by similar others, strengthening self-efficacy beliefs through positive vicarious experiences. In complex regulatory environments that require professional assistance, the relevant vicarious learning models are professionals rather than peer entrepreneurs, potentially reducing the self-efficacy benefits of observational learning.

The domain-specific nature of self-efficacy beliefs receives important theoretical extension through this research (Pajares, 1997). The findings demonstrate that regulatory experiences influence specific self-efficacy rather than general entrepreneurial self-efficacy, suggesting that environmental complexity effects are domain-specific rather than generalized. This finding has important implications for understanding how regulatory reform might influence entrepreneurial behavior and for designing interventions to support entrepreneurial development (Schwarzer and Warner, 2013).

5.3.2 Institutional Theory Contributions

This research provides significant contributions to institutional theory by demonstrating how regulatory institutional quality affects entrepreneurial outcomes through both direct compliance costs and indirect psychological mechanisms (North, 1990). The comparative analysis between Indian and United States regulatory environments reveals how institutional design differences create systematic variations in entrepreneurial experiences that extend beyond simple cost-benefit calculations (Scott, 2008).

The institutional quality framework developed by North and others emphasizes how institutions reduce transaction costs and uncertainty when they are well-designed and efficiently implemented (North, 1991). The empirical findings from this study provide

concrete evidence for these theoretical predictions while revealing additional mechanisms through which institutional quality affects entrepreneurial outcomes (Acemoglu et al., 2005). The streamlined United States regulatory environment demonstrates how efficient institutions can reduce both direct transaction costs and psychological barriers to entrepreneurship, creating multiplicative rather than simply additive benefits for entrepreneurial development.

The research extends institutional theory by demonstrating how institutional quality affects entrepreneurial outcomes through self-efficacy mechanisms that have not been previously integrated into institutional analysis. Poor institutional quality, as demonstrated in the Indian regulatory environment, creates negative mastery experiences, reduces positive vicarious learning opportunities, communicates discouraging verbal messages, and generates negative emotional associations with entrepreneurial activity. These psychological effects compound the direct cost and time burdens imposed by inefficient institutions, creating total entrepreneurial deterrent effects that exceed the sum of individual institutional failures (Oliver, 1991).

The corruption dynamics documented in the Indian regulatory experience provide important theoretical insights about how institutional failures create perverse incentives that undermine both economic efficiency and social legitimacy (Rose-Ackerman, 1999). The finding that corruption became economically rational due to regulatory complexity illustrates how institutional design failures can create systematic incentives for illegal behavior. This finding extends institutional theory by demonstrating how regulatory complexity can create corruption equilibria where illegal shortcuts become more attractive than legal compliance.

5.3.3 Entrepreneurship Theory Development

This research contributes to entrepreneurship theory development by providing empirical evidence for how regulatory environments function as critical components of entrepreneurial ecosystems that influence both entrepreneurial entry decisions and success potential. The findings extend existing entrepreneurship theory by demonstrating how regulatory complexity affects entrepreneurial outcomes through multiple mechanisms that operate simultaneously to create cumulative effects (Stam, 2015).

The barriers to entry theoretical framework receives important empirical validation and extension through this research (Porter, 1980). Traditional barriers to entry analysis focuses primarily on market structure factors such as capital requirements, economies of scale, and product differentiation. The findings from this study demonstrate that regulatory barriers represent an additional category of entry barriers that can be equally or more significant than traditional market barriers, particularly for early-stage ventures with limited resources and experience.

The resource-based view of entrepreneurship receives theoretical extension through the empirical demonstration of how regulatory complexity affects resource allocation decisions in startup ventures (Barney, 2001). The finding that regulatory compliance can consume substantial portions of startup resources, both financial and managerial, provides concrete evidence for theoretical predictions about resource constraints in new ventures (Brush et al., 2001). The research extends this theoretical framework by demonstrating how regulatory design can either facilitate or constrain effective resource allocation in entrepreneurial ventures.

The entrepreneurial ecosystem theory receives important empirical validation through the demonstration of how regulatory environments function as critical ecosystem components (Spigel, 2017). The research shows how regulatory efficiency or complexity affects multiple ecosystem functions simultaneously, including opportunity recognition,

resource mobilization, and venture development support (Autio et al., 2014). The findings extend ecosystem theory by demonstrating how regulatory reform can create positive spillover effects that enhance overall ecosystem performance.

5.4 Policy Implications and Recommendations

5.4.1 Regulatory Design Principles

The empirical findings provide concrete guidance for regulatory design principles that can facilitate rather than hinder entrepreneurial development (World Bank, 2019). The dramatic differences between Indian and United States business formation processes reveal specific design elements that either support or constrain entrepreneurial activity, offering evidence-based recommendations for regulatory reform initiatives.

The principle of procedural streamlining emerges as a fundamental requirement for entrepreneurship-friendly regulatory design. The contrast between the seven-stage Indian process and the four-stage United States process demonstrates how procedural complexity creates cumulative barriers that extend far beyond the sum of individual procedural requirements. Each additional stage introduces potential failure points, coordination requirements, and delay opportunities that can derail entrepreneurial ventures. This finding aligns with research by Kaplan et al. (2011) who demonstrated how streamlining administrative procedures can lead to substantial increases in startup formation.

The integration of government systems represents a critical design principle that can dramatically reduce regulatory burden while maintaining oversight effectiveness (Cordella and Tempini, 2015). The successful integration between the Ministry of Corporate Affairs and Income Tax Department in India, which automatically processes PAN and TAN applications during business registration, demonstrates how inter-agency

coordination can eliminate redundant procedures and reduce compliance costs. However, the failure to achieve similar integration across other government agencies reveals the incomplete nature of current integration efforts and the potential for further improvement.

The self-service capability principle emerges as essential for reducing both direct costs and professional dependency requirements that create barriers to entrepreneurial entry. The United States system's online filing capabilities with instant approval demonstrate how technological infrastructure can enable entrepreneurs to complete business formation independently, reducing costs while increasing autonomy and control over the registration process. This finding supports research by Venâncio et al. (2020) who showed how self-service capabilities can enhance entrepreneurial development.

The transparency and predictability principle emphasizes the importance of clear requirements, consistent application, and reliable processing timelines (OECD, 2012). The subjective elements in Indian name approval processes and the failure of automated approval systems in GST registration create uncertainty that complicates business planning and resource allocation decisions. Regulatory designers should prioritize objective criteria, automated processing where possible, and reliable service delivery timelines that enable entrepreneurs to plan effectively.

5.4.2 Entrepreneurship Ecosystem Development

The research findings provide important guidance for entrepreneurship ecosystem development strategies that recognize regulatory environments as critical ecosystem components requiring coordinated attention and reform efforts. The comparative analysis between Indian and United States regulatory environments demonstrates how regulatory

efficiency or complexity affects multiple ecosystem functions simultaneously, creating multiplicative effects on overall ecosystem performance.

The ecosystem integration approach emphasizes the importance of coordinating regulatory reform efforts with other entrepreneurship support initiatives to maximize overall ecosystem effectiveness (Feld, 2012). Regulatory efficiency improvements can enhance the effectiveness of business incubators, accelerator programs, and entrepreneurship education initiatives by reducing the barriers that these programs help entrepreneurs navigate. Conversely, regulatory complexity can undermine the effectiveness of support programs by creating obstacles that exceed the capacity of support services to address.

The capacity building strategy addresses the need for government agency training and development programs that enhance regulatory service delivery capabilities . The documented experiences of government officials who demonstrated limited understanding of modern business practices and commercial real estate structures reveal capacity gaps that create additional barriers for entrepreneurs. Ecosystem development strategies should include comprehensive training programs for regulatory personnel that enhance their understanding of entrepreneurial needs and modern business practices.

The stakeholder engagement principle emphasizes the importance of involving entrepreneurs, professional intermediaries, and business support organizations in regulatory design and reform processes (Ansell and Gash, 2008). The validation interviews with Chartered Accountants, Company Secretaries, and Lawyers revealed important insights about typical regulatory experiences that might not be apparent to government officials. Regular stakeholder consultation can help identify regulatory pain points and potential solutions that improve service delivery effectiveness.

5.5 Methodological Contributions and Limitations

5.5.1 Methodological Innovation

This research introduces a novel two-component methodology that addresses critical challenges in entrepreneurship research by combining detailed case study documentation with controlled experimental simulation. This methodological approach represents a significant advancement by grounding experimental conditions in documented real-world experiences rather than hypothetical scenarios, thereby enhancing both internal validity through experimental control and external validity through authentic experiential foundations.

The case study documentation component provides empirical authenticity that is often lacking in entrepreneurship research. By conducting actual business formation processes in both India and the United States, the research generates detailed documentation of regulatory complexity differences that reflect genuine entrepreneurial experiences rather than researcher assumptions or hypothetical scenarios. This approach ensures that experimental manipulations reflect actual regulatory environments that entrepreneurs encounter, enhancing the external validity and practical relevance of experimental findings (Gerring, 2004).

The experimental simulation component enables causal inference about regulatory complexity effects on entrepreneurial outcomes while maintaining the standardization necessary for valid statistical analysis. The between-subjects design with random assignment provides strong evidence for causal relationships between regulatory complexity and entrepreneurial self-efficacy, addressing a critical limitation in much entrepreneurship research that relies on correlational or cross-sectional data (Rubin, 1974).

The integration of case study and experimental components creates methodological synergies that enhance the overall research contribution. The case study documentation provides the empirical foundation for simulation development, ensuring that experimental conditions reflect genuine regulatory complexity differences. The experimental component enables causal conclusions about regulatory environment effects that cannot be drawn from case study analysis alone.

5.5.2 Study Limitations

Despite the methodological innovations and significant findings, this research has several limitations that must be acknowledged and considered in interpreting the results and planning future research.

The participant population limitation affects the external validity of findings through the exclusive focus on second-year MBA students. While this population provides important advantages for experimental control and represents a relevant entrepreneurial demographic, the findings may not generalize to other potential entrepreneur populations such as undergraduate students, working professionals, or individuals without advanced business education.

The geographic scope limitation constrains the generalizability of findings through the focus on specific jurisdictions within India and the United States. The Indian LLP registration process was documented in specific states and may not reflect regulatory experiences in other Indian states. Similarly, the United States LLC formation process was documented in Wyoming, which is known for business-friendly regulations that may not represent typical regulatory experiences in other states.

The temporal snapshot limitation affects the stability and persistence of findings through the focus on regulatory environments at specific points in time. Regulatory systems

evolve continuously through reform initiatives, technological improvements, and administrative changes that may alter the regulatory complexity differences documented in this study.

5.6 Practical Applications

The empirical findings and theoretical insights from this research have important practical applications across multiple domains, including entrepreneurship education, business incubator and accelerator program design, government agency training and development, and international development program implementation.

The entrepreneurship education applications focus on incorporating regulatory navigation skills and awareness into entrepreneurship curricula and training programs. The research findings demonstrate that regulatory complexity affects entrepreneurial self-efficacy through mastery experience mechanisms, suggesting that educational programs that provide regulatory navigation training could enhance entrepreneurial confidence and capability. Entrepreneurship educators should consider developing simulation exercises based on actual regulatory processes that enable students to develop regulatory navigation skills in controlled educational environments.

The business incubator and accelerator program applications address opportunities to enhance program effectiveness through improved regulatory navigation support and advocacy services. The research findings demonstrate that regulatory complexity creates substantial barriers to entrepreneurial development that can undermine the effectiveness of business support programs. Incubator and accelerator programs should consider developing specialized regulatory navigation services that help entrepreneurs efficiently complete business formation procedures while building regulatory compliance capabilities.

The government agency's training and development applications address opportunities to enhance regulatory service delivery capabilities through improved understanding of entrepreneurial needs and modern business practices. The documented experiences reveal capacity gaps among government officials that create additional barriers for entrepreneurs beyond formal regulatory requirements. Government agencies should consider comprehensive training programs that enhance official understanding of entrepreneurial processes, modern business practices, and customer service principles.

The international development program applications address opportunities to incorporate regulatory reform initiatives into broader economic development and entrepreneurship promotion strategies. The research findings demonstrate that regulatory complexity can create substantial barriers to entrepreneurial development that undermine the effectiveness of other development interventions. International development programs should prioritize regulatory reform as a foundational element of entrepreneurship ecosystem development.

CHAPTER 6: CONCLUSION

6.1 Summary of Research and Key Findings

This dissertation investigates a question of fundamental importance to economic policy and entrepreneurial theory: How does the complexity of a nation's regulatory environment affect the psychological disposition of its potential entrepreneurs? The research was motivated by a persistent disconnect observed in many economies between the stated goal of fostering a vibrant startup culture and the continued existence of Byzantine bureaucratic structures that appear to do the opposite. To move beyond correlation and establish causality, this study employed a novel, two-component methodology that combined the rich, authentic detail of participatory case studies with the controlled, inferential power of a randomized experiment.

The research journey began with the direct, first-person documentation of the business formation process in two starkly contrasting regulatory regimes: the incorporation of a Limited Liability Partnership (LLP) in India, a nation renowned for its bureaucratic complexity, and the formation of a Limited Liability Company (LLC) in Wyoming, USA, a jurisdiction known for its business-friendly efficiency. These documented experiences were then meticulously translated into interactive, task-based simulations for a between-subjects experiment involving 200 MBA students. By measuring changes in the participants' entrepreneurial self-efficacy after they navigated these simulated environments, the study was able to isolate and quantify the causal impact of regulatory complexity.

The empirical findings of this research are both stark and compelling. The comparative case study revealed a chasm of inefficiency between the two jurisdictions. The Indian LLP registration process consumed 70 days, involved seven distinct and often disconnected stages, and cost over \$700, much of which was for mandatory professional

intermediaries. In dramatic contrast, the Wyoming LLC formation was completed in a single hour, through a streamlined four-step online process, for a total cost of just \$154. This represents a staggering 560-fold difference in time and a 4.5-fold difference in direct costs, disparities that carry profound implications for any aspiring founder.

More importantly, the experimental results demonstrated that this bureaucratic divergence has a direct and statistically significant psychological toll. Participants who navigated the simulated Indian regulatory environment emerged with a demonstrably lower level of entrepreneurial self-efficacy than their counterparts who experienced the streamlined U.S. process. This finding provides robust, causal evidence that regulatory complexity does not merely impose external costs of time and money; it actively erodes the internal conviction and confidence of potential entrepreneurs. The study identified several specific drivers of this negative impact, including the uncertainty created by opaque processes, the sense of disempowerment engendered by mandatory professional dependencies, and the frustration born from technological and administrative inconsistencies.

6.2 Theoretical Contributions

This research makes significant and multi-faceted contributions to several streams of academic theory, primarily by building empirical and conceptual bridges between them. By integrating institutional economics, psychology, and entrepreneurship studies, the dissertation offers a more holistic and nuanced understanding of how macro-level institutional frameworks shape micro-level individual behaviors and intentions.

First and foremost, the study makes a substantial contribution to Self-Efficacy Theory. While Bandura's framework has been widely applied, this research extends it by demonstrating how a specific, structural, and non-social environmental variable, regulatory

complexity, can systematically moderate the development of domain-specific self-efficacy. It provides concrete, empirical evidence for how the design of bureaucratic processes directly impacts the primary sources of efficacy beliefs. The streamlined U.S. process provided a clear ‘mastery experience,’ enhancing confidence. Conversely, the convoluted Indian process, with its mandatory professional dependencies, undermined mastery and created a form of negative ‘vicarious learning,’ implicitly signaling that the task was too complex for an individual to handle alone. This research introduces the concept of ‘institutional-level persuasion,’ where the very design of a system communicates a powerful message about an individual's expected competence.

Second, the dissertation enriches Institutional Economics. North and other institutional scholars have long argued that high-quality institutions reduce transaction costs, but this research deepens that understanding by identifying and measuring a critical, often-overlooked category: psychological transaction costs. The erosion of self-efficacy is a real, measurable cost imposed by inefficient institutions, one that can deter entrepreneurship even before financial or temporal costs become prohibitive. Furthermore, the study provides a vivid, real-world illustration of how poor institutional design can create a ‘corruption equilibrium.’ The documented case of the notary in India, where paying a bribe was more economically rational than complying with the convoluted legal requirements, provides a powerful micro-level example of how excessive regulatory friction can make illicit behavior a logical choice, thereby undermining the rule of law.

Finally, the research contributes to Entrepreneurship Theory. It provides robust empirical validation for the concept of regulatory environments as a foundational pillar of the entrepreneurial ecosystem. The findings demonstrate that the regulatory framework is not merely a passive background condition but an active force that shapes the pipeline of potential founders. It extends the resource-based view of the firm by highlighting how

regulatory navigation depletes not only tangible resources (money, time) but also the critical intangible resource of the founder's self-belief. By establishing a causal link between a specific environmental factor and a core psychological antecedent of entrepreneurial action, this study helps to build a more complete and predictive model of new venture creation.

6.3 Policy Implications and Recommendations

The findings of this dissertation carry profound and actionable implications for public policy. They transform the abstract goal of "improving the business environment" into a set of concrete, evidence-based directives. The research demonstrates that simplifying business registration is not a mere administrative tweak but a powerful lever for unlocking entrepreneurial potential. The policy recommendations derived from this study are grounded in the direct comparison between a system that works and one that creates substantial, unnecessary friction.

First, the principle of radical procedural streamlining must be embraced. The 560-fold difference in time between the Indian and U.S. processes is a clear indictment of incrementalism. Policymakers should not aim to trim days or weeks from the process, but to reduce it to hours or, where possible, minutes. This requires a fundamental rethinking of processes, moving from a logic of control and verification to one of facilitation and trust. The primary recommendation is the implementation of a true single-window, fully digital clearance system. An aspiring entrepreneur should be able to complete the entire registration process, from name reservation to tax identification, through a single online portal, without the need to physically visit any office or interact with multiple, disconnected agencies.

Second, the study highlights the critical need to eliminate mandatory professional dependencies. The requirement in the Indian system to have documents attested by a Chartered Accountant or Company Secretary serves as a significant barrier, increasing costs and creating a sense of disempowerment. While professional advice will always be valuable, it should be a choice, not a mandate. Regulatory systems should be designed with the layperson in mind, using clear language, intuitive interfaces, and providing comprehensive guidance. By creating systems that can be navigated by a reasonably educated individual, governments can democratize entrepreneurship, making it accessible to those without the funds or connections to hire professional help from day one.

Third, governments must invest in consistent and robust technological infrastructure. The Indian case study revealed a frustrating paradox: a push towards digitalization (e.g., Digital Signature Certificates) that was undermined by basic technical limitations (e.g., file size restrictions). A digital-first regulatory strategy requires end-to-end consistency. This means ensuring that all steps can be completed digitally, that systems are interoperable, and that the underlying infrastructure is reliable and user-friendly. The goal should be automatic, instantaneous approvals for compliant applications, as seen in the Wyoming example, shifting the burden of proof and delay away from the entrepreneur.

Finally, the principle of transparency and predictability must be paramount. The uncertainty and subjectivity observed in the Indian name reservation and document verification processes create significant anxiety and delay. Regulatory requirements should be clear, objective, and applied consistently. Timelines for each step should be published and adhered to, with automatic approval granted if the agency fails to act within the stipulated timeframe. This shifts the incentive structure, rewarding bureaucratic efficiency rather than inaction.

6.4 Limitations and Constraints

While this dissertation provides robust and significant findings, it is important to acknowledge its limitations, which in turn offer fertile ground for future inquiry. A clear understanding of the study's boundaries is essential for the proper interpretation of its results and for guiding the next wave of research in this area.

Methodologically, the primary limitation lies in the external validity of the experimental sample. The participants were MBA students, a demographic that, while possessing a high potential for entrepreneurship, is not representative of all potential founders. They are, on average, more educated, potentially more familiar with business concepts, and may have a higher baseline of self-efficacy than the general population. Future research should seek to replicate these findings with more diverse populations, including individuals from different educational backgrounds, age groups, and socio-economic strata, to assess the generalizability of the observed effects.

Another limitation is the focus on the business formation stage. While this is a critical gateway, the regulatory burden on a business does not end with its incorporation. Ongoing compliance, related to taxes, labor laws, environmental regulations, and industry-specific rules, can be equally, if not more, burdensome. This study did not examine the impact of this long-term regulatory engagement on entrepreneurial persistence, firm growth, or the potential for burnout. The psychological effects of a sustained, multi-year battle with bureaucracy may be different from the acute effects of the initial registration process.

The scope of the comparison, while stark and effective, is also a limitation. The study focused on a hyper-efficient jurisdiction (Wyoming, USA) and a highly complex one (India). While this high-contrast design was ideal for isolating the causal impact of complexity, it does not capture the nuances of the many regulatory systems that lie between

these two extremes. The relationship between complexity and self-efficacy may not be linear; there could be a threshold beyond which additional complexity has diminishing negative returns. Future research employing a multi-jurisdictional, comparative approach could explore these more nuanced relationships.

Finally, the study's focus was on psychological outcomes (self-efficacy) rather than direct economic outcomes (firm survival, revenue growth). While self-efficacy is a strong predictor of entrepreneurial intentions and persistence, it is not a direct measure of business success. The link between the erosion of self-efficacy at the formation stage and the ultimate fate of a venture remains a crucial area for future longitudinal research to explore.

6.5 Future Research Directions

The limitations of this study naturally point toward a rich and important agenda for future research. The findings open up several promising avenues of inquiry that can build upon the foundation laid here to create an even more comprehensive understanding of the regulatory-entrepreneurship interface.

First, there is a clear need for longitudinal studies. The ideal next step would be to track a cohort of actual entrepreneurs as they navigate different regulatory environments, measuring not only their self-efficacy at various points in time but also the objective outcomes of their ventures, survival, growth, profitability, and innovation. Such a study could definitively connect the psychological impact of regulatory complexity at the formation stage to the long-term economic performance of the firm.

Second, future research should explore industry-specific regulatory impacts. This study examined the general business registration process. However, for many of the most innovative sectors, such as fintech, biotechnology, and renewable energy, there are additional layers of sector-specific regulation. An important question is how these

specialized regulatory regimes interact with the general business environment. Do they compound the negative effects, or can a well-designed, sector-specific framework mitigate the problems of a complex general framework?

Third, the role of technology as a mediating factor deserves deeper investigation. This study showed how technology can be both a solution (as in the U.S. case) and a source of frustration (as in the Indian case). Future research could employ experimental designs to test the impact of different user interface designs, levels of digital guidance, and integration of AI-powered assistance on entrepreneurial self-efficacy within a standardized regulatory simulation. This could provide invaluable, evidence-based guidance for the design of next-generation digital government platforms.

Fourth, a fascinating avenue for exploration is the interaction between formal regulatory complexity and informal institutions, such as social networks and cultural norms. In some societies, entrepreneurs may be able to rely on strong personal networks to help them navigate a complex bureaucracy. Does access to such social capital buffer the negative psychological effects of regulatory complexity? Or does it create other dependencies? A mixed-methods approach, combining quantitative experiments with qualitative interviews, could shed light on these complex interactions.

Finally, there is an opportunity to expand the research to include intra-national comparisons. Many large countries have significant variation in regulatory efficiency between their states or provinces. Studying how entrepreneurial activity and psychology differ across these sub-national jurisdictions could provide a powerful way to control for national-level cultural and economic factors, further isolating the impact of administrative design.

6.6 Closing Statement

This research journey, particularly the direct, personal engagement with the bureaucratic machinery of two vastly different nations, has been as illuminating as the data it produced. To experience the seamless efficiency of the Wyoming system in one hour and then to spend over two months battling the labyrinthine Indian system is to move from a world of empowerment to one of frustration. It is to feel, viscerally, the difference between a government that sees entrepreneurs as assets to be enabled and one that sees them as subjects to be controlled. This personal experience underscores the central finding of the dissertation: the design of a nation's bureaucracy is not merely an administrative detail; it is a profound statement of its philosophy towards innovation, risk-taking, and progress.

The findings of this dissertation are a call to action. They are a challenge to policymakers, particularly in emerging economies, to look beyond the surface of their pro-business rhetoric and to honestly assess the lived reality of the entrepreneurs they claim to support. The evidence is clear: complex, opaque, and inefficient regulatory systems are not just a cost of doing business; they are a direct assault on the entrepreneurial spirit. They are a silent killer of dreams, extinguishing the spark of ambition before it has a chance to ignite. In a globalized world where talent and capital are increasingly mobile, no nation can afford to maintain such self-inflicted wounds.

Yet, the message of this research is ultimately one of hope. The stark contrast between the two systems proves that a better way is not only possible, but already exists. The principles of simplicity, transparency, and digital efficiency are not theoretical ideals; they are proven, practical realities. The challenge is not one of invention, but of will. For those nations willing to embrace this challenge, the reward will be the unleashing of the most powerful force for economic and social progress known to humanity: the boundless, creative energy of the entrepreneur.

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