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THE ROLE OF THE GOVERNMENT IN THE CREATION AND DEVELOPMENT OF NEW BUSINESSES WITH AN EMPHASIS ON THE ENTREPRENEURIAL ECOSYSTEM

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ABSTRACT

Small and Medium Enterprises (SMEs) are considered the most prominent symbols of entrepreneurship in any country. The main objective of this research is to determine the role of the government in the creation and development of new businesses, with a particular focus on the entrepreneurial ecosystem. This descriptive study employed a correlational research method with a statistical population comprising 320 business owners and entrepreneurs from the 3rd district of Tehran. Using Morgan's sample size estimation table, 169 individuals were selected as the statistical sample. Data collection tools included questionnaires focusing on the government's role (reliability: 0.936), business creation (reliability: 0.857), and the entrepreneurial ecosystem (reliability: 0.955). Confirmatory factor analysis, conducted using Lisrel software, was employed to assess the validity of the questionnaires. The collected data were analyzed using descriptive and inferential statistics, including the Kolmogorov-Smirnov test and structural equation modeling, with the help of Lisrel software. The research findings indicate that the government, through its various components such as financial support, infrastructure and government policy, investment funds, and legal structures, has a significant influence on the creation and development of new businesses, particularly within the context of the entrepreneurial ecosystem. Therefore, it can be concluded that the government, through its policies and actions, must pay special attention to the country's entrepreneurs, providing them with the necessary support and creating a conducive environment for their economic activities.

Keywords: Entrepreneurial ecosystem, new business, entrepreneurs, government and its components

INTRODUCTION

Entrepreneurship development requires a network of different elements known as the entrepreneurial ecosystem. This ecosystem refers to the individuals, organizations, or

institutions external to the entrepreneur that either drive or hinder an individual's decision to engage in entrepreneurship or their likelihood of success in launching an entrepreneurial venture (Mohammadi et al., 2020). Entrepreneurial ecosystems are a combination of social, political, economic, and cultural elements within a region that support the development and growth of start-up innovations and encourage emerging entrepreneurs and other actors to take the risks of starting and financing a business (Falah et al., 2019). Entrepreneurial ecosystems are one of the most important research trends that explain the role of companies and countries in competition and the growth of today's knowledge-based and learning economies (Lundvall et al., 2011). The need to pay attention to this field can be found in the position of entrepreneurship as a new source of sustainable competitive advantage, not only in developed countries but also in developing ones (Chen & Wong, 2008; Landström et al., 2012; Lundvall et al., 2006, 2011). While universities, as part of national or regional innovation systems, are considered to be networks of collaboration (Smith et al., 2014; Huggins & Prokop, 2017), they are typically at the heart of these networks and can define and shape their structure (Pivo et al., 2018).

Start-ups are an integral part of the process of transformation and change in the ever-expanding market of today's world. Therefore, one of the various strategies to increase the effectiveness of businesses in the direction of economic development is government support for businesses located in science and technology parks (Arabshahi, 2022). The formation and creation of small and medium enterprises and their prosperity are of particular importance in all economic societies because they lead to entrepreneurship, more job creation, and economic growth and development at the micro and macro levels (Yousefi et al., 2021). Small and medium-sized businesses are considered the most obvious symbols of entrepreneurship in countries. Given the constructive role of this sector in the economic development of any country, governments are paying attention to the success and failure of SMEs (Golrad & Partoafkan, 2020). In the past few years, governments have seriously encouraged entrepreneurship because it benefits the people and the country. Before people can start a business, they must have capital, technology, facilities for producing goods, and a suitable workforce. In addition, they must have the right spirit and balanced psychological conditions to succeed in entrepreneurship (Shekarchi & Valimohammadi, 2011).

The government, through policy implementation, can take steps towards the development of global business clusters. Many policymakers have tried to put the concept of clusters into practice, each with different results. In the meantime, many cluster policies have been reformed and adjusted at the national and regional levels (Yahyatabar et al., 2014).

One of the most fundamental challenges facing the Iranian economy is the phenomenon of globalization, in line with which having a competitive industry is inevitable for the economy. It seems that improving the business environment and making it competitive in the country are important and fundamental steps in achieving the goals of the 20-year Vision Plan. One of the obstacles to improving the business environment is technological factors, in a way that technologies have been developed to meet the practical needs of humans, but this factor can be an obstacle to improving business if it does not progress. Economic factors are also among the obstacles to improving the business environment. The experience of countries has shown that the mechanism of the market economy sometimes leads to market failure, and on the other hand, extensive government intervention can lead to government failure. Therefore, it seems that the government and the market mechanism can play a complementary role in achieving efficiency and improving the business environment. Studies have shown that, considering the role of the entrepreneurial ecosystem, the importance of the government's role in improving the business environment, from a theoretical point of view, is that the suitability of the business environment for balanced economic performance is an issue that is well-established among researchers and politicians in developed countries. It is considered a rule. In addition, given the rate of population growth in the past few decades, unemployment can be considered the most important social challenge in the future. The consequences of this crisis are the spread of

poverty and the increase in unpleasant social phenomena. Entrepreneurship, by creating new job opportunities, will lead to a decrease in the unemployment rate and consequently corruption in society, and will also contribute to the mental health of societies. The importance of research in this topic from a practical point of view is that entrepreneurship and improving the business environment have become the main topic of progress and economic development in most countries of the world. In a society where entrepreneurs and business owners have high social value and dignity, the government takes a positive step towards the growth of entrepreneurship, and creating added value in the process of the economy and production is approved and respected by the common cultural values of society, the orientation of individuals towards entrepreneurial activities will increase. In this society, more people engage in creativity, innovation, and entrepreneurship, and more entrepreneurs succeed in realizing their new ideas in society. Meanwhile, a review of the research conducted in this field of study indicates that this issue has not received enough attention in Iran, as some error indicators are constantly repeated in the Iranian economy. Therefore, to eliminate such errors, the present study, unlike other domestic studies, seeks to determine the government's influencing indicators on the business environment in such a way that it does not harm the business environment and provides for its improvement. Also, unlike other research that has focused on the theoretical aspect of this matter, the current research seeks the role of the government in the creation and development of new businesses with an emphasis on the entrepreneurial ecosystem.

Review of Theoretical Foundations and Research Background

The life cycle of a business ecosystem can be divided into four stages: birth, expansion (the possibility of scaling the business concept), leadership (the business ecosystem achieving stability and high profitability), and self-renewal (or death due to the threat of emerging ecosystems). (Galanitino & Ovasilka, 2013). Ganji et al. (2023) examined the dimensions of the entrepreneurial ecosystem in the Iranian insurance economy in their research. The research was applied in terms of purpose and quasi-experimental in terms of data collection method. Their studies showed that the dimensions of the entrepreneurial ecosystem have an effect on the Iranian insurance economy. Jafariseresht et al. (2022) investigated the entrepreneurial ecosystem and its role in creating and accelerating university spin-offs. The research method was descriptive and library. Based on the results of the research, they stated that in the new order of the global economy that has taken shape since the beginning of the 21st century, national economies are classified into three groups: resource-based economies, efficiency-based economies, and innovation-based economies based on the level of progress and the factor of competitiveness in the global arena. They stated that the Iranian economy is a resource-based economy and is becoming an efficiency-based economy. The necessary condition for moving on the path of progress and becoming an innovation-driven economy is the efficient and effective production and utilization of knowledge and becoming a knowledge-based economy, the key condition of which is the interaction and cooperation of universities, the government, and industry in the direction of creating a suitable entrepreneurial ecosystem in the country.

Karimi et al. (2022), in a study, investigated the relationship between the components of the entrepreneurship ecosystem in the development and promotion of startup activities. Their research was applied in terms of purpose or audience and was descriptive-survey in terms of data collection. To identify the key factors in the process of startup growth and development, a library method was used, i.e., reviewing articles and scientific texts, and a field study was used to distribute questionnaires in order to prioritize these factors using the best-worst method. Finally, a formula was used to calculate the rate of inconsistency in order to check the validity of the relevant comparisons. The statistical population of this study was experts and business specialists and managers of university-based knowledge-based companies across the country, and the Cochran's limited formula was used to calculate the sample size. They examined the

components of the research from four aspects and as a result, found that the optimal portfolio combination (second rank), following the opinions of experts (third rank), allocation and granting of loans, directing loans and facilities towards production, bank arrears, management Human resources (seventh rank) capital market of the startup entrepreneurship ecosystem (eighth rank) and liquidity creation. Arab Shahi et al. (2022) investigated the role of government support in the development of businesses in the Science and Technology Park of Sistan and Baluchestan Province. In terms of research method and data collection tools, their research was descriptive-analytical, survey type, and in terms of purpose, it was also applied. The statistical population of their study included 58 experts from companies located in the Science and Technology Park of Sistan and Baluchestan Province, of which 50 people were selected as the statistical sample by the Morgan table and randomly. The results of the research indicate the great importance of the role of government support in the development of businesses, which is possible through activities that are at the forefront of government financial support.

Karger (2022) examined and studied the impact of government effectiveness on the ease of doing business in developing countries. His research was applied and descriptive. The statistical population of the research consisted of developing countries, whose information

Van Hong and Tan Ha (2020), in their research, investigated the factors influencing the marketing strategy of logistics businesses in Vietnam. They examined various factors to determine which ones have the most significant impact on the marketing strategy of logistics companies in emerging countries, particularly Vietnam. Using interviews, questionnaire surveys, and then Exploratory Factor Analysis (EFA) to examine the unidimensionality of scales and confirm the structural validity of the measurement, the results of this study indicated that, in both development and implementation, internal factors such as business network, human resources, and existing marketing strategies of logistics companies in Vietnam have a more significant impact on the marketing strategies of logistics companies than external factors. Meanwhile, logistics infrastructure, as an external factor, was found to be the most influential factor on the marketing strategies of logistics companies.

Cardozo et al. (2016) conducted a study on the factors affecting the development of Small and Medium-Sized Enterprises (SMEs). The results showed that Latin American SMEs belonging to larger institutions (such as business groups) are in a stronger position for international development. The same problems and obstacles that SMEs face for international development are mainly related to dealing with domestic regulations in the domestic economic environment and the lack of information about foreign markets. Their studies showed that the impact of inputs, especially public policies, on the development of international small and medium-sized enterprises emphasized emerging and transitioning economies.

Ronald and Porter (2013), with the aim of identifying the factors affecting the success of companies, concluded that the success of companies is a function of three interrelated factors: political, institutional, and economic context at the macro level of each country. They stated that the institutional environment is one of the most important factors hindering the improvement of the business environment. Nyon (2013), with the aim of evaluating the industrial business environment, concluded that industrial development in the country would not be effective without considering the suitability of the business environment. He stated that the results of implementing the programs could lead to a significant leap in the country's macro performance, and the business environment, as the operational and executive arm of the country, along with government support, could face global competition and dynamic transformations.

RESEARCH METHODOLOGY

This research is considered applied research in terms of its objective, and since both library and field study methods were used, it can be stated that the present research is descriptive-correlational based on its nature and method.

Statistical Population and Sampling Method

The statistical population of this study consisted of 320 business owners and entrepreneurs in District 3 of Tehran. To determine the sample size, Morgan's sample size estimation table was used, based on which 169 people were selected as the statistical sample, and questionnaires were distributed among them.

Data Collection Tools, Validity, and Reliability

In this study, the necessary information and data were collected using two methods: library studies and field studies. In the library studies section, relevant sources such as books and specialized articles, magazines, and publications were used. In the field study section, three standard questionnaires on business, entrepreneurship ecosystem, and the role of government in business were used to collect the required information. To assess the validity of the instrument, confirmatory factor analysis was used with the help of Lisrel software. In other words, confirmatory factor analysis was used to measure the relationships between latent variables and their measurement items. The strength of the relationship between the factor (latent variable) and the observable variable is indicated by the factor loading. Factor loading is a value between zero and one. If the factor loading is less than 0.3, the relationship is considered weak and is ignored (Kline, 2010). To confirm the validity of the measurement tool, three types of validity were evaluated: content, convergent, and discriminant validity. Content validity was established by ensuring consistency between the measurement indicators and the existing literature, which was confirmed through interviews with a group of professors. If the correlation between factor loadings is high, the questionnaire has convergent validity. This correlation is necessary to ensure that the test is measuring what it is supposed to measure. For convergent validity, Average Variance Extracted (AVE) and Composite Reliability (CR) were calculated (Table 1).

Table 1: Average Variance Extracted and Composite Reliability of Research Variables

Variable	**Mean Variance Was Extracted**	**Composite Reliability**
Entrepreneurial ecosystem	0.550	0.959
Creation and development of new businesses	0.540	0.886
Government financial support	0.635	0.874
the government	0.512	0.944
Government infrastructures and policies	0.651	0.882
Legal and legal structure	0.640	0.876

Government investment fund	0. 641	0. 877

To confirm convergent validity, three conditions must be met: (1) the AVE value for each main variable must be greater than 0. 5, (2) the CR value for each main variable must be greater than 0. 7, and (3) the CR value for each main variable must be greater than its AVE value. Based on the data in Table 1, it can be seen that all three conditions are met, and therefore convergent validity can be confirmed.

Discriminant validity is assessed by comparing the square root of AVE with the correlation between latent variables, and for each variable, the square root of AVE should be greater than the correlation of that variable with other variables in the model. Table 2 shows the comparison of the square root of AVE and the correlation between the main variables of the study.

Table 2: Comparison of Square Root of Average Variance Extracted and Correlation of Main Research Variables

Variable	**1**	**2**	**3**	**4**	**5**	**6**
Entrepreneurial ecosystem	**0.742**					
Creation and development of new businesses	**0.893**	**0.745**				
Government financial support	**0.716**	**0.767**	**0.797**			
Government infrastructures and policies	**0.710**	**0.734**	**0.726**	**0.807**		
Legal and legal structure	**0.756**	**0.749**	**0.711**	**0.711**	**0.800**	
Government investment fund	**0.776**	**0.758**	**0.669**	**0.759**	**0.797**	**0.801**

The values reported in the main diagonal of the above table are the square root of AVE, and the other values are the correlation coefficient between the main variables of the study. The results show that the square root of AVE is greater than the correlation between the main variables of the study. Therefore, the measurement tool has appropriate discriminant validity. Thus, it can be said that the measurement model of the present study has appropriate validity.

To measure reliability, Cronbach's alpha and Rho coefficients were used. If the calculated alpha coefficient is greater than 0. 7, it can be concluded that the obtained data have the necessary reliability. Table 3 shows the calculated Cronbach's alpha coefficient for each questionnaire.

Table 3: Results of Cronbach's Alpha and Composite Reliability for Latent Variables of the Study

Local Variables	Cronbach's alpha Coefficient (Alpha>0.7)	Reliability Coefficient (Rho>0.7)
Entrepreneurial ecosystem	**0.955**	**0.957**
Creation and development of new businesses	**0.857**	**0.863**
Government financial support	**0.808**	**0.818**
the government	**0.936**	**0.938**

Government infrastructures and policies	**0.821**	**0.930**
Legal and legal structure	**0.811**	**0.823**
Government investment fund	**0.812**	**0.815**

Considering that the appropriate value for Cronbach's alpha and Rho coefficients is 0.7, and based on the data in Table 3, it can be seen that these criteria have taken appropriate values for the latent variables. Therefore, the reliability of the study is confirmed.

Data Analysis Method

Two statistical methods, descriptive and inferential, were used to analyze the data in the present study. In descriptive statistics, descriptive statistics techniques such as percentage charts were used to describe the sample and mean, standard deviation, and variance tables were used to describe the statistical data of the research variables to analyze the demographic characteristics of the sample. In the inferential statistics section, hypotheses were tested using SPSS 26 software and statistical tests. Inferential analysis was performed using tests such as correlation coefficient, confirmatory factor analysis, model fit test, measurement model, and path analysis using Smart PLS 3.2.8 software. Lisrel software, which is a variance-based path modeling technique, was used to test the conceptual model of the study. This method allows for the simultaneous examination of the relationships between latent variables and indicators (observable variables). One of the reasons for using this software in this study was the large number of indicators and variables.

Findings

Description of Research Variables

The overall descriptive statistics of the research variables in terms of statistical indicators are shown in Table 4.

Table 4: Descriptive Statistics of Research Variable

Variable	**Number Statistics**	**The Least Statistics**	**The Most Statistics**	**Average Statistic**	**Error Deviation**	**Standard Deviation Statistics**	**Variance Statistics**
Government financial support	**169**	**1.50**	**5.00**	**3.77**	**0.06**	**0.72**	**0.52**
Government infrastructures and policies	**169**	**1.00**	**5.00**	**3.55**	**0.06**	**0.78**	**0.61**
Government investment fund	**169**	**1.00**	**5.00**	**3.62**	**0.06**	**0.81**	**0.65**
Legal and legal structure	**169**	**1.00**	**5.00**	**3.58**	**0.06**	**0.83**	**0.68**
the government	**169**	**1.13**	**5.00**	**3.63**	**0.05**	**0.70**	**0.50**
Entrepreneurial ecosystem	**169**	**1.52**	**4.52**	**3.56**	**0.05**	**0.66**	**0.44**

Creation and development of new businesses	**169**	**1.10**	**5.00**	**3.75**	**0.06**	**0.74**	**0.54**

The mean indicates the general state of a variable. The value of variance is calculated by averaging the square of the distance between the obtained value and the expected value. The mean shows the location of the distribution, while the variance is a measure that shows how the data is distributed around the mean. A lower variance means that if a sample is selected from that distribution, its value is expected to be close to the mean. The unit of variance is the square of the unit of the initial quantity. The square root of the variance, which is called the standard deviation, has the same unit as the original variable and represents the dispersion of the data. Figure 1,

Investigating the normality of research variables

To use statistical techniques, it should first be determined whether the collected data has a normal distribution. If the data follows a normal distribution, parametric statistical tests can be used to test the hypotheses; if the data is not normal, non-parametric statistical tests can be used. Besides, since structural equation modeling is used in this research to examine the research hypotheses, the normality or non-normality of the distribution of research variables at the statistical population level should be determined before examining the hypotheses for selecting the type of software. Therefore, the results obtained from the Kolmogorov-Smirnov test on the research variables were examined, and based on the results, the normal or abnormal distribution of the research variables was determined.

The hypothesis of this article is as follows:

H0: The data of the variable has a normal distribution

H1: The data of the variable does not have a normal distribution

According to the data in Table 5, if the decision statistic is larger than the error value, the null hypothesis cannot be rejected, and the distribution of data in the statistical population is normal. If the significance level is less than the error value, the null hypothesis is rejected, and the data distribution in the statistical population is not normal.

Table 5: Kolmogorov-Smirnov test results

Variable	**Test Statistics**	**Decision-Making Statistics**	**Confirmation of Assumption**	**Conclusion**
Government financial support	**0.15**	**0.00**	H1	It is not normal
Government infrastructures and policies	**0.17**	**0.00**	H**1**	It is not normal
Government investment fund	**0.19**	**0.00**	H1	It is not normal
Legal and legal structure	**0.20**	**0.00**	H1	It is not normal
the government	**0.15**	**0.00**	H1	It is not normal

Entrepreneurial ecosystem	**0.13**	**0.00**	H1	It is not normal
Creation and development of new businesses	**0.13**	**0.00**	H1	It is not normal

Considering the results in the table above, since the significance level for most variables is smaller than the error value, i.e., 0.05, the null hypothesis is rejected, and the alternative hypothesis is accepted for all of them. In other words, these variables follow a non-normal distribution at the statistical population level. Therefore, due to the non-normal distribution of variables, the partial least squares method should be used to implement the structural equation modeling technique, and in this research, Smart PLS 3.2.8 software was used to achieve this.

Partial Least Squares Approach

In this research, Structural Equation Modeling (SEM) with a partial least squares approach was used to test the hypotheses and determine the effect of latent variables. Structural equation modeling is a powerful multivariate analysis technique from the multivariate regression family that allows researchers to test a set of regression equations simultaneously. Unlike regression analysis, this method is a suitable method for analyzing structural equations because it allows measuring the relationships between latent variables and examining the relationships dependent on several factors. The partial least squares approach is a sub-branch of structural equation modeling and a new method for analyzing structural equations and measuring causal relationships between variables so that it examines the measurement and structural models in software such as LISREL and AMOS in a simpler and simultaneous way. Compared with the usual path coefficient estimation methods such as multiple regression and structural equation modeling based on covariance structures (such as LISREL), this method has advantages such as the simultaneous calculation of all coefficients of a model, no need for large statistical samples, and no need for normality of the collected data, which allows the researcher to work with real data. Smart PLS software is one of the most popular software that many researchers and authors use due to its graphical form and ease of use by researchers and authors to utilize this technique.

Different methods have been proposed by researchers to use SEM. For example, Wallace et al. (2004) stated that before analyzing a structural model, a measurement model should be examined separately. Prajogo and his colleagues (2004) also stated that SEM is a two-stage approach that includes evaluating the measurement model to ensure the proper fit of the measurement indicators of the constructs and evaluating the structural model (in which the relationships between the constructs are shown). Therefore, in this research, the SEM method was used as a two-stage approach. First, the measurement model was examined to ensure the validity and proper fit of the measurement indicators, and then the results obtained from the structural model were presented. Finally, the accuracy of the research hypotheses was examined using path analysis.

In the first stage, the intensity and direction of the relationships between the variables were reported using the standard condition test, and in the second stage, the significance of the relationships between the variables was reported using the significance coefficients test.

Investigating the Research Model in the Standard Coefficient State

Figure 1 shows the path coefficients in the standard state, indicating the degree of relationship between variables. The appropriate value for path coefficients is 0.3. The numbers observed on the arrows in Figure 1 are path coefficients that determine the intensity of the relationship between the variables and the direction of this relationship. The larger the number of path

coefficients, the stronger the relationship between the independent variable and the dependent variable. Therefore, it can be stated that if the value of the path coefficient is a positive number, the relationship between the independent variable and the dependent variable is direct, and the value of the dependent variable increases with the increase in the value of the independent variable. Also, if the value of the path coefficient is a negative number, the relationship between the independent variable and the dependent variable is inverse, so that by increasing the amount of the independent variable, the value of the dependent variable decreases.

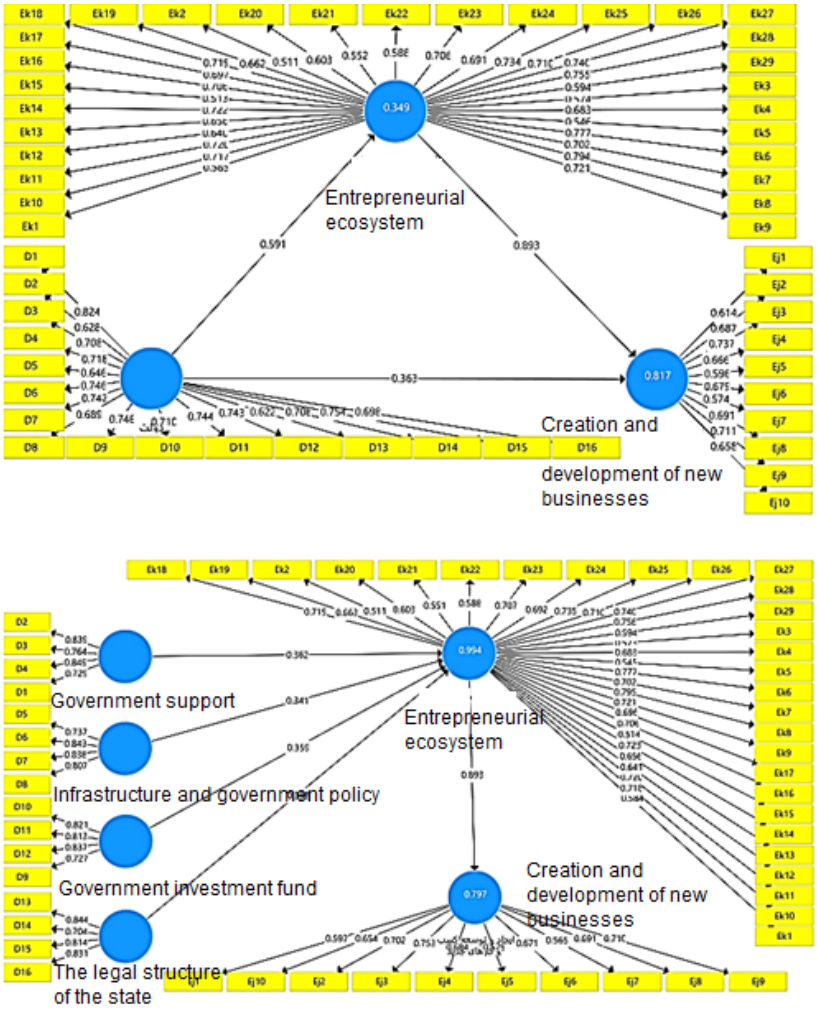

Figure 1: Research model test (in the standard coefficient state) based on research hypotheses

As mentioned, the standard coefficient test only deals with the intensity and direction of the relationship between the independent variable and the dependent variable and does not have the ability to decide on the significance of the relationship.

Investigating the Research Model in the State of Significant Numbers

Figure 2 shows the research model test in the state of significant coefficients. Using this test, we can understand the significance of the relationship between the research variables. In this case, relationships will be significant if the number on the relationship arrow is outside the range $(-1.96 \text{ and } 1.96)$. In other words, if in this test, a number is between -1.96 and 1.96, their relationship is insignificant, and consequently, the path coefficient of that relationship is also insignificant.

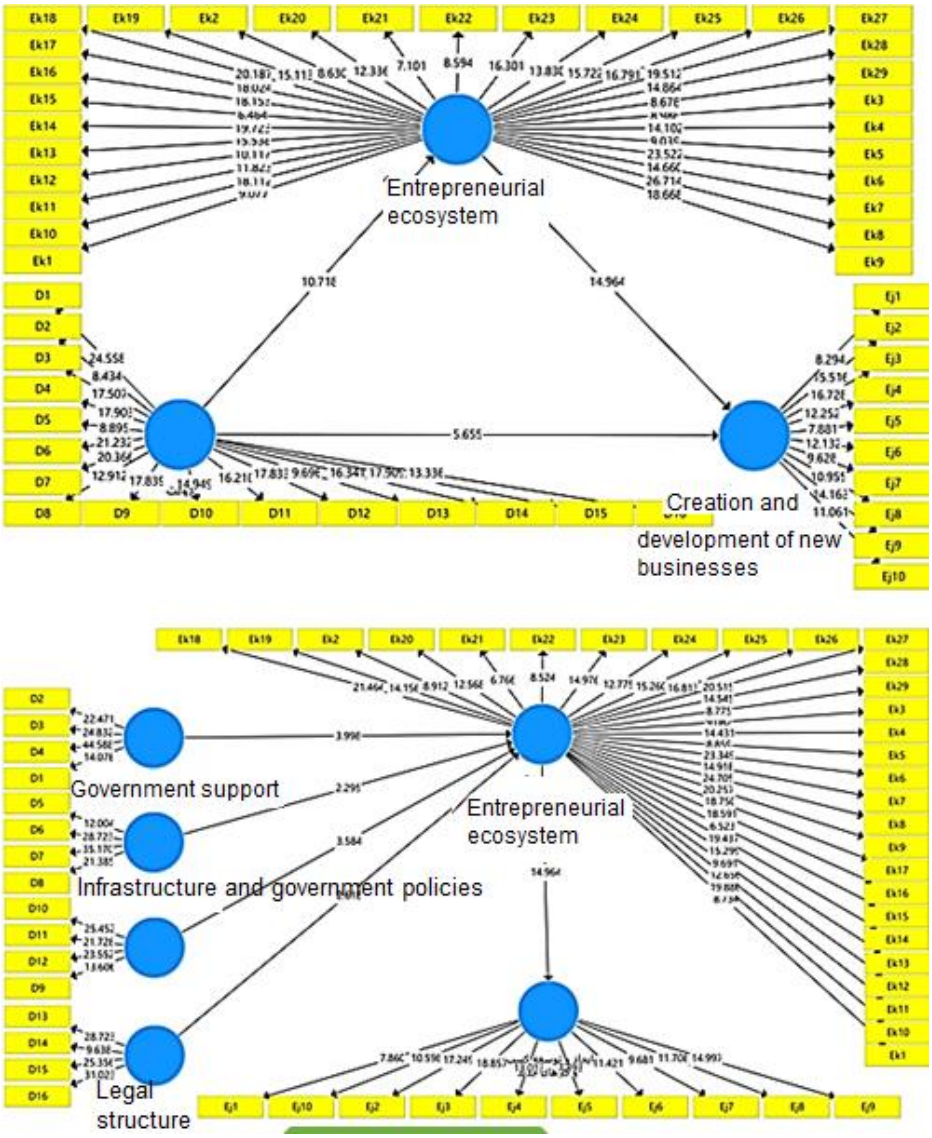

Figure 2: Research model test (in the state of significant numbers) based on research hypotheses

Examining the Fit of Measurement Models of the Research

Reflective Measurement Model Quality Test

The factor loading or lambda is a correlation coefficient between the latent variables and the observed variables in a measurement model. This coefficient determines how much of the variance of the observed variables is determined by the latent variable, and since it is a correlation coefficient, it should be statistically significant. The significance of factor loading in confirmatory research is confirmed when the factor loading value is greater than 0.5. The results of the significance of the factor loadings of the research are shown in Table 6.

Table 6: Factor loadings of the research measurement tool (questionnaire)

Questions	**Factor Loading**	**T-Statistics**	**P-Value**
D1 <- Government financial support	0.73	14.08	0.00
D2 <- Government financial support	0.84	22.47	0.00

D3 <- Government financial support	0.76	24.83	0.00
D4 <- Government financial support	0.85	44.59	0.00
D5 <- Government infrastructure and failures	0.74	12	0.00
D6 <- Government infrastructure and policies	0.84	28.72	0.00
D7 <- Government infrastructure and policies	0.84	35.17	0.00
D8 <- Government infrastructure and policies	0.81	21.39	0.00
D9 <- Government investment fund	0.73	13.61	0.00
D10 <- Government investment fund	0.82	25.42	0.00
D11 <- Government investment fund	0.81	21.73	0.00
D12 <- Government investment fund	0.84	23.55	0.00
D13 <- Legal and legal structure	0.84	28.72	0.00
D14 <- Legal and legal structure	0.7	9.64	0.00
D15 <- Legal and legal structure	0.81	25.36	0.00
D16 <- Legal and legal structure	0.83	31.02	0.00
Ej1 <- Creation and development of new businesses	0.60	7.86	0.00
Ej2 <- Creation and development of new businesses	0.70	17.25	0.00
Ej3 <- Creation and development of new businesses	0.75	18.86	0.00
Ej4 <- Creation and development of new businesses	0.68	13.01	0.00
Ej5 <- Creation and development of new businesses	0.58	7.39	0.00
Ej6 <- Creation and development of new businesses	0.67	11.42	0.00
Ej7 <- Creation and development of new businesses	0.57	9.86	0.00
Ej8 <- Creation and development of new businesses	0.69	11.71	0.00
Ej9 <- Creation and development of new businesses	0.71	15.1	0.00
Ej10 <- Creation and development of new businesses	0.65	10.6	0.00
Ek1 <- Entrepreneurial Ecosystem	0.58	8.73	0.00
Ek2 <- Entrepreneurial Ecosystem	0.51	8.91	0.00
Ek3 <- Entrepreneurial Ecosystem	0.57	9.08	0.00
Ek4 <- Entrepreneurial Ecosystem	0.68	14.34	0.00

Ek5 <- Entrepreneurial Ecosystem	0.55	8.68	0.00
Ek6 <- Entrepreneurial Ecosystem	0.78	23.35	0.00
Ek7 <- Entrepreneurial Ecosystem	0.70	14.92	0.00
Ek8 <- Entrepreneurial Ecosystem	0.80	24.71	0.00
Ek9 <- Entrepreneurial Ecosystem	0.72	20.26	0.00
Ek10 <- Entrepreneurial Ecosystem	0.72	19.89	0.00
Ek11 <- Entrepreneurial Ecosystem	0.72	12.66	0.00
Ek12 <- Entrepreneurial Ecosystem	0.64	9.69	0.00
Ek13 <- Entrepreneurial Ecosystem	0.66	15.30	0.00
Ek14 <- Entrepreneurial Ecosystem	0.72	19.44	0.00
Ek15 <- Entrepreneurial Ecosystem	0.51	6.52	0.00
Ek16 <- Entrepreneurial Ecosystem	0.71	18.59	0.00
Ek17 <- Entrepreneurial Ecosystem	0.70	18.75	0.00
Ek18 <- Entrepreneurial Ecosystem	0.72	21.46	0.00
Ek19 <- Entrepreneurial Ecosystem	0.66	14.16	0.00
Ek20 <- Entrepreneurial Ecosystem	0.60	12.57	0.00
Ek21 <- Entrepreneurial Ecosystem	0.55	6.77	0.00
Ek22 <- Entrepreneurial Ecosystem	0.59	8.52	0.00
Ek23 <- Entrepreneurial Ecosystem	0.71	14.98	0.00
Ek24 <- Entrepreneurial Ecosystem	0.69	12.78	0.00
Ek25 <- Entrepreneurial Ecosystem	0.74	15.26	0.00
Ek26 <- Entrepreneurial Ecosystem	0.71	16.81	0.00
Ek27 <- Entrepreneurial Ecosystem	0.4	20.52	0.00
Ek28 <- Entrepreneurial ecosystem	0.76	14.55	0.00
Ek29 <- Entrepreneurial Ecosystem	0.59	8.78	0.00

According to the table above, it can be seen that the factor loading for all questions is greater than 0. 5. Therefore, the research questions have appropriate reliability.

R^2 Test

The coefficient of determination refers to the square of the multiple correlation coefficient, which is called R^2. This coefficient indicates the amount of variance or changes in the dependent variable determined by the set of independent variables. The value of this coefficient fluctuates between zero and one. The closer this coefficient is to one, the more it indicates that the independent variables have been able to predict a large amount of variance, or in simpler terms, the behavior of the dependent variable, and the closer this value is to zero, the less this explanation of the changes in the dependent variable has been, and the researcher has not made an appropriate selection of independent variables from the research literature.

For the first time in 1998, Chen et al. presented three values of 0.19, 0.33, and 0.67 percent as weak, medium, and strong values for examining the amount of R^2, which were later confirmed and cited again by Hensler in 2009 and Professor Hair in 2011. The values of the coefficient of determination and the adjusted coefficient of determination are reported in Table 7.

Table 7: Factor Loading of the Research Measurement Tool (Questionnaire)

Variable	**Coefficient of Determination**	**Adjusted Coefficient of Determination**
Entrepreneurial ecosystem	**0.994**	**0.987**
Creation and development of new businesses	**0.797**	**0.796**

Q^2 Criterion

The Q^2 criterion specifies the predictive power of the model and is between 0 and 1. The closer this criterion is to 1, the better. If its value for an endogenous construct obtains three values of 0.02, 0.15, and 0.35, it indicates weak, medium, and strong predictive power of the construct or its exogenous constructs, respectively. In fact, this index shows to what extent the independent variables of a given dependent variable have been able to predict it well. The Q^2 value for all variables was calculated above 0.35, which indicates the medium and strong predictive power of the model regarding the endogenous constructs of the research and confirms the relatively good fit of the structural model.

Table 8: Q^2 Coefficient of Variables

Variable	**Q^2 =1-SSE/SSO**
Entrepreneurial ecosystem	0.39
Creation and development of new businesses	0.36
Government financial support	0.39
the government	0.43
Government infrastructures and policies	0.41
Legal and legal structure	0.39
Government investment fund	0.39

Considering the values of the coefficient of determination in Table 8 and its evaluation criteria, it can be stated that all dependent and mediating variables of the research have a strong coefficient of determination, and in this respect, the model fit is confirmed.

4-6-4. Overall Model Fit

The overall model includes each part of the measurement and structural model, and by confirming its fit, the examination of the overall model fit is completed. The general criterion presented in the PLS method for examining the overall model fit was presented by Tenenhaus et al. (2005) and is currently the only existing criterion, which is calculated as follows:

$$GoF = \sqrt{\overline{Com} \times \overline{R^2_{inner.}}} \qquad (1)$$

where and are the$\overline{Com}$, $\overline{R^2}$ average values of the commonality of the latent variables of the model and the average coefficients of determination of the latent variables of the research, respectively.

4-7. The Amount of Commonality and R² of Research Variables

Table 9 shows the values of these statistics of the research model.

Table 9: The Amount of Commonality and R² of Research Variables

Local Variables	**Shared Values**	**Coefficients of Determination**
Entrepreneurial ecosystem	**0.55**	**0.99**
Creation and development of new businesses	**0.54**	**0.80**
Government financial support	**0.64**	-
the government	**0.51**	-
Government infrastructures and policies	**0.65**	-
Legal and legal structure	**0.64**	-
Government investment fund	**0.64**	-

Overall Model Fit Results

Table 10 shows the overall model fit results.

Table 10: Overall Model Fit Results

Average Common Values	**Average Determination Coefficients**	**GOF**
0. 60	0. 90	0. 73

Considering the three values of 0. 10, 0. 25, and 0. 36, which are introduced as weak, medium, and strong values for GOF (Wetzels et al., 2009), and obtaining a value of 0. 73, it can be seen that the model has a strong fit.

DISCUSSION AND CONCLUSION

Since it was determined after the tests (through the Kolmogorov-Smirnov (KS) test) that most of the research variables are normal, the structural equation modeling test was used to determine the effect between the variables. The findings of this research are based on the main

and sub-hypotheses governing the research structure, which are mentioned here:

The main hypothesis of the research is that the government is effective in the creation and development of new businesses with an emphasis on the entrepreneurial ecosystem. In explaining this hypothesis, it can be stated that if the view of entrepreneurial activities in the country becomes positive and the necessary infrastructure for business development is provided, the business segment will be promoted. In other words, the role of the government and the dimensions related to government support (financial support, legal and regulatory structure, government infrastructure and policies, and government investment fund) will be high in the creation and development of new businesses with an emphasis on the entrepreneurial ecosystem. The effectiveness of government financial support in the creation and development of new businesses with an emphasis on the entrepreneurial ecosystem is the first sub-hypothesis governing the research. In explaining this hypothesis, it can be stated that if officials consider government support programs in investing in public interests, such as increasing innovation, growth, and employment, and by providing financial assistance and simplifying bureaucratic rules in the entrepreneurial environment, as well as creating the necessary grounds for paying loans and facilities to startups and entrepreneurs, they can provide the necessary grounds for promoting business development with an emphasis on the entrepreneurial ecosystem and creating an entrepreneurial environment. The second sub-hypothesis of this research is based on the effectiveness of the legal and regulatory structure in the creation and development of new businesses with an emphasis on the entrepreneurial ecosystem. In explaining this hypothesis, it can be stated that officials in the country can pave the way for business development and promotion by creating a legal structure appropriate to the needs of business owners, creating supportive laws and regulations, eliminating cumbersome administrative laws, creating a legal structure and laws to encourage entrepreneurs, and creating the ground for entrepreneurs to benefit from legal advice.

The third sub-hypothesis proposed in this study is the effectiveness of government infrastructure and policies in creating and developing new businesses with an emphasis on the entrepreneurial ecosystem. In explaining this, it can be stated that officials in the country, by considering infrastructural factors and government policy-making (self-regulation) through tax reductions or exemptions, payment of necessary loans, and other entrepreneurial regulatory programs, publishing all information related to investments and capital resources for the use of investors, and creating various investment networks in financial support, can be effective in creating and developing new businesses with an emphasis on the entrepreneurial ecosystem. Finally, the fourth sub-hypothesis proposed in this study is the effectiveness of the government investment fund in creating and developing new businesses with an emphasis on the entrepreneurial ecosystem. In explaining this hypothesis, it can be stated that if entrepreneurs and business owners pay attention to factors such as (facilitating risky investments in the initial steps of launching, improving and creating stability in the capital market, and filling the gap and providing funds that prevent small companies from accessing the funds they need), then businesses can develop in the country. Studies have shown that the results obtained in this study are consistent with the results presented by Ganji et al. (2023), who examined the dimensions of the entrepreneurial ecosystem in Iran's insurance economy. In addition, the findings of this study are consistent with the results of Karami et al. (2022), Arabshahi (2022), Kargar (2022), Hosseinpour and Moradi (2021), Golrad and Portafkenan (2020), which examined the role of government financial support for small and medium-sized businesses. The results of Goli et al. (2018) are also consistent with the findings of this study. Also, the results presented by Jihoun et al. (2016), Ameri et al. (2018), and Farshian and Ranjbar (2015), who respectively examined the role of the government in facilitating business conditions with an emphasis on the institutional approach, examining the role of the government in business development in Hormozgan province, and examining the role of government support for new startup businesses in the entrepreneurial motivation process, are consistent with the results obtained in this study. It should be noted that the results obtained by Nel and Thomas (2022) and Vu and Tran (2020), who respectively investigated the role of government in promoting innovation-based

entrepreneurial ecosystems and government financial support and firm productivity in Vietnam, are also consistent with the findings of this study.

Research Limitations, Practical Suggestions, and Suggestions for Future Studies

Research Limitations

It should be noted that this research was conducted in connection with business owners and is limited to employees, business owners, and entrepreneurs in Region 3 of Tehran. Therefore, due to its location, it may have different results in other provinces and regions of Iran.

Practical Suggestions

Considering the hypotheses and results obtained in the research, practical suggestions can be offered in this field, including:

* Directing the country's capital, intended for the personal benefit of investors, towards productive sectors of industry by the government through various policies.

* Avoiding any policy by the government that directs the country's capital resources towards unproductive activities in the economy and expanding formal capital markets (such as the stock exchange).

* Revising government monetary policies instead of controlling the volume of liquidity and trying to draw liquidity towards productive economic activities.

* Government support for businesses by paying loans and providing access to financial services.

* Introducing new financial instruments such as corporate bonds, preferred stock, options, and futures contracts in business and entrepreneurship development.

* Meeting the monetary and credit needs of small and medium-sized enterprises by commercial banks and funds.

* Financial and credit support and providing special tax discounts and exemptions to small and medium-sized industrial enterprises, as well as providing working capital to launch production projects in small and medium-sized industrial units.

* Examining and analyzing the legal and regulatory structures of different countries for regulating and supervising the microfinance sector.

* Eliminating cumbersome regulations in obtaining permits according to specific laws and formulating effective penal laws for unauthorized copycats of new ideas.

* Allocating an appropriate amount of gross national product revenue by the government to encourage innovation.

* Positive impact on improving the business environment through strategic planning and support for basic research.

* Adopting government incentive policies in support of entrepreneurial activities and the existence of reinforcing policies to improve the business environment in the steel industry.

* Helping business owners by increasing the amount of foreign direct investment attraction and increasing the presence of efficient foreign companies in the country.

* Providing the context for proper money transfers and easy access to financial resources through crowdfunding.

* Providing the groundwork for starting a business by increasing the capital of the guarantee fund for investments in small and medium-sized industries, and consequently, the guarantee power.

6-3. Suggestions for Future Studies

Here are some suggestions for future studies to both complete and achieve definitive results in this research and to examine the hidden angles and different dimensions of this research. These suggestions include:

* Conducting a similar study in another statistical population to reach complete and comprehensive results regarding the research topic.

* Investigating the dimensions and components of the technological entrepreneurial ecosystem in Iran.

* Evaluating and analyzing the entrepreneurial ecosystem and business environment.

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