

# Sustainable Start-Up Ecosystems in Emerging Economies

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DOI: <https://doi.org/10.47772/IJRISS.2026.10190064>

Received: 20 January 2026; Accepted: 23 January 2026; Published: 18 February 2026

## ABSTARCT

What start-up ecosystem is most likely to nurture Entrepreneurship Development and Sustainable Economic Growth in Less Developed Regions? Start developing sustainable entrepreneurial ecosystems to Engage Entrepreneurship and Economic Development in Developing Economies. This research investigates the variables that assist the creation of sustainable start-ups, including access to capital, government interventions, institutional support, digital infrastructure, and entrepreneurial competencies. It analyzes how the ecosystems help to foster innovation and create jobs and businesses that promote and ensure responsible entrepreneurship. This paper addresses the typical challenges faced by start-ups in developing countries, including inadequate funding, difficulties arising from laws and regulations, and the absence of sufficient managerial expertise. This research is based on secondary data, including peer-reviewed journals, reports, and other accounts that are readily accessible. The analysis indicates that inclusive, nurtured start-up ecosystems provide better business survival rates and sustained economic growth, and more investments. The results show that nurtured developing entrepreneurial ecosystems provide sustainable outcomes. Furthermore, the study highlights the importance of collaboration among government bodies, private investors, educational institutions, and local communities in building resilient entrepreneurial ecosystems. By encouraging innovation-driven enterprises and inclusive participation, such ecosystems enhance productivity, reduce regional disparities, and support long-term socioeconomic development. The findings emphasize that policy-driven support mechanisms, skill development programs, and technology adoption play a crucial role in overcoming structural barriers faced by entrepreneurs in less developed regions. Overall, the research concludes that a well-structured and inclusive start-up ecosystem is essential for fostering sustainable entrepreneurship, generating employment opportunities, and achieving balanced economic growth in developing economies.

**Keywords:** Sustainable Start-Ups, Entrepreneurship, Start-Up Ecosystem, Emerging Economies, Innovation, Economic Growth.

## INTRODUCTION

Entrepreneurship has emerged as a transformative force in the economic trajectories of emerging economies. Start-ups, distinguished by innovation-oriented and scalable business models, contribute significantly to employment generation, productivity enhancement, and technological diffusion. Over the past decade, emerging economies have witnessed a surge in start-up activity driven by digital transformation, demographic dividends, and increasing policy attention. Governments have launched national start-up missions, innovation funds, and incubation programs to foster entrepreneurial activity and attract investment.

Despite this momentum, many start-up ecosystems struggle to achieve durability and resilience. High failure rates, unequal access to resources, and regional concentration of entrepreneurial opportunities persist. In several contexts, ecosystems remain dependent on public subsidies or external funding, raising concerns about their long-term sustainability. This study focuses on understanding how start-up ecosystems in emerging economies can evolve sustainably over time by examining their structural foundations, enabling conditions, and persistent constraints.

Entrepreneurship in the modern business world has been changing drastically as a result of high rates of technological change and digital revolution. Platform-based business models and digital entrepreneurship have transformed the manner businesses are conducted, grow and compete. Through the emergence of online commerce, online stores, mobile applications, and cloud-based services, the barriers to entry by an entrepreneur

have been reduced and allowed them to access the global markets with minimal resources. This online transformation has not only led to efficiency in business but also availed fresh innovation, cooperation and value creation opportunities.

Social entrepreneurship has also come into limelight as a new way in alleviating social issues by employing entrepreneurial strategies. Social entrepreneurs desire to generate social value by solving some social problems, like education, healthcare, poverty reduction, and environmental sustainability. Social entrepreneurs unlike in the traditional world are not focused on profitability but rather on impact, but financial sustainability is still vital in ensuring long-term success. The measurement of the social impact using ESG frameworks has gained popularity to determine the effectiveness and accountability of social enterprises.

### **Objective:**

#### **Primary Objectives**

The major aim of this work is to identify the role of entrepreneurship in offering sustainable economic growth and development in the emerging economies. Entrepreneurship is now considered to be a very important way of creating innovation, jobs and building wealth, particularly in areas that are developing where conventional employment is scarce. This research focuses on learning how entrepreneurship activities not only help in economic growth, but also social inclusion and environmental sustainability. The study attempts to present the changing face of entrepreneurship in the contemporary economic reality by examining entrepreneurship through a comprehensive model that encompasses such aspects as sustainability, digitalization, social responsibility, institutional backing, and the innovative financing schemes. The main goal is also concerned with the perception of how the powerful entrepreneurial ecosystem can lead to the economic stability and the sustainable growth.

#### **secondary objectives**

The second research aims focus on reviewing the major aspects and elements of entrepreneurship that determine its development and success. The analysis of the formation and importance of sustainable start-up ecosystems in the emerging economies is one of the key secondary goals. This involves realizing how the government policies, incubators, accelerators, educational institutions, financial systems, and support networks contribute towards entrepreneurial sustainability. The research also seeks to determine the role of sustainability-based practices that can help start-ups to strike a balance between the economic performance and the environmental and social accountability.

#### **Tertiary Objectives**

The facilitating and supporting factors affecting the success of the entrepreneurship are the tertiary aims of the research. Analysis of the role of venture capital in supporting early stage entrepreneurial venture is one of the most important tertiary objectives. Venture capital does not just offer financial capital but also support strategies, mentorship and networks that increase growth and innovation of start-ups. The research would seek to learn the role of venture capital in the growth of high growth ventures in emerging markets. The other significant tertiary goal is to study how entrepreneur access to finance can be enhanced through FinTech-based funding mechanisms.

#### **Key Components Of Start-Up Ecosystems**

The literature commonly identifies the following ecosystem components:

- **Entrepreneurs and start-ups**
- **Financial capital** (angel investors, venture capital, banks)
- **Human capital** (skilled workforce, mentors)
- **Support institutions** (incubators, accelerators, co-working spaces)
- **Markets and customers**
- **Policy and regulatory frameworks**
- **Cultural norms and social attitudes**

The interaction among these components determines ecosystem effectiveness.

## SCOPE OF THE STUDY

The current research problem lies in the focus on the investigation of entrepreneurship as a key tool to maintain a sustainable economy, innovation and social development of a society in an emerging economy. Entrepreneurship in the modern and globalized and technology-based world has gained a new meaning that goes beyond the conventional business creation to include sustainability, digitalization, social responsibility, and inclusive growth. This paper aims to discuss the concept of entrepreneurship as a multidimensional concept, which combines economic, social, technological, and institutional standpoints, and therefore gives a comprehensive picture of the entrepreneurship ecosystem.

The research is particularly based on the subject of entrepreneurship in the emerging economies where entrepreneurial activities have a major contribution towards issues like unemployment, poverty, income disparity and minimal industrial development. Emerging economies tend to place much emphasis on entrepreneurial projects, start-ups, and Small and Medium Enterprises (SMEs) to trigger economic growth and competitiveness. Hence, the problem area of this study is put in terms of the contribution of entrepreneurship to the development of such economies and the role of the favorable ecosystem in promoting the success of entrepreneurship.

Among the key topics that are discussed in the frames of this study, sustainable start-up ecosystem development should be mentioned. The paper looks at the role of sustainability-oriented ecosystems in supporting entrepreneurs by making resources, infrastructure, mentorship, financial assistance, and institutional advice available. Sustainability is considered through the prism of an environmental approach but also through the economic and social approach. The paper examines the idea of how start-ups incorporate sustainable practices in their business model and how these practices help to make businesses sustainable in the long-run and be responsible in their growth.

## LITERATURE REVIEW

### 2025:

In 2025, recent studies can be seen as an indication of an increased scholarly interest in the dynamic nature of entrepreneurship, especially in the digital, sustainable, and ecosystem-based settings. A review of the literature related to generative artificial intelligence (GenAI) indicates the growing use of AI technologies to transform the behavior of entrepreneurs, business models, and innovation potential. The principal thematic clusters that emerge in the given study include the digital transformation, AI-enhanced education, sustainable innovation, and the data-driven entrepreneurial trends, which imply that GenAI is becoming a significant facilitator of entrepreneurial experimentation and strategic decision-making.

The study of the role of digital technologies on entrepreneurial intentions and venture formation continues to be the core theme in 2025 scholarship to examine digital entrepreneurship. In a research developed within Saudi Arabia, information technology culture and technology orientation indirectly facilitate the digital entrepreneurial intentions via the intercession of entrepreneurial self-efficacy, which highlights the psychological basis of digital venture formation.

### 2024:

As of 2024, the academic study of entrepreneurship pointed out the great emphasis on sustainability, digital transformation, and innovation as the most crucial factors of entrepreneurial performance and ecosystem development. A review of the research on sustainable entrepreneurship reports that there is a growing academic interest in the sustainability research on the environmental, social, and economic aspects and that there should be consistent conceptual systems that combine sustainability with the fundamental entrepreneurial procedures.

The other important contribution in 2024 was made by research that explores the use of innovation in performance improvement of micro, small, and medium enterprises (MSMEs). The literature shows the innovation, particularly innovation capability and process innovation is an important mediator/moderator in the enhancement of the outcomes of MSMEs; this is because of the complicated interplay that exists between the innovation practices and entrepreneurship success. This study highlights the importance of innovation as a key performance driver besides being an element of entrepreneurial strategy in the competitive market places.

**2023:**

In 2023, the intersection of digital innovation and entrepreneurship became a highly important topic in academic research as it is seen that digital technologies and processes of innovation transform competitive environments and entrepreneurial opportunities. A narrative review in the Journal of Innovation and Entrepreneurship indicates that digital innovation expands the market reach, lowers the operation expenses and customer interaction, which subsequently contributes to the entrepreneurial growth in various socioeconomic environments.

The other significant theme of 2023 literature was the idea of digital entrepreneurial ecosystems. Current systematic reviews examined in this year covered the use of digital technologies to integrate into conventional entrepreneurial ecosystems to generate new forms of support, connectivity, and value creation in ventures in the digital age. These works suggest theoretical frameworks that define the various types of digital entrepreneurial ecosystems and indicate the direction of future research that will emphasize the qualities of network connectivity, digital infrastructure, and ecosystem adaptability.

## **THEORETICAL FRAMEWORK**

This study integrates entrepreneurial ecosystem theory, institutional theory, and the triple bottom line sustainability framework. Entrepreneurial ecosystem theory highlights interdependence among ecosystem actors and emphasizes feedback loops and learning mechanisms. Institutional theory explains how formal regulations and informal norms shape entrepreneurial behavior, particularly in environments characterized by institutional voids.

The triple bottom line framework incorporates economic, social, and environmental sustainability dimensions. Together, these perspectives provide a comprehensive lens for examining how institutional arrangements, resource flows, and stakeholder interactions influence ecosystem sustainability in emerging economies.

## **RESEARCH METHODOLOGY**

Research methodology simply denotes the logical construct that is used to gather, analyze, and interpret pieces of information with a view of meeting the study objectives. This paper employs a descriptive and analytical research design to research on the topic of entrepreneurship in emerging economies with a special emphasis on digital entrepreneurship, sustainable start-up ecosystems, social entrepreneurship, policy support, and venture capital financing. The methodology helps in giving a detailed picture of the entrepreneurial trends, challenges and opportunities by incorporating both the qualitative and quantitative perception. Such a methodological process provides reliability, validity and relevance of the results.

The research is based on the mixed-method research design, combining primary and secondary sources of data. In this way, it is possible to triangulate data and make findings more accurate and support interpretations. Primary data will provide the first hand information on the practices and perceptions of the entrepreneurs whereas for secondary data; both theoretical and empirical background is provided based on available research. Such a combination of data sources facilitates the process of capturing the recent realities as well as the historical academic views of entrepreneurship.

### **Research Design**

The research design I have adopted in this study is descriptive research design because it intends to describe and analyze the prevailing situation and new trends in entrepreneurship. Descriptive research is the one that is appropriate to define the characteristics, behaviors, and patterns connected to the activities of entrepreneurs without manipulating variables. Moreover, an analytical research design is used to critically analyze the relations between the entrepreneurial ecosystems, sustainability, digital transformation, and the funding mechanisms.

The study design is designed to support the study aim and objectives since data can be collected and analyzed systematically. It can be used to compare different dimensions of entrepreneurship like digital innovation, social impact, and support of policy. This design will see the research give a comprehensive and unbiased evaluation of entrepreneurship in emerging economies.

## Drivers Of Sustainable Start-Up Ecosystems

Sustainable start-up ecosystems are underpinned by multiple interrelated drivers. Supportive policy frameworks reduce uncertainty and encourage entrepreneurial risk-taking by simplifying regulatory procedures and offering targeted incentives. Access to diversified financial instruments facilitates firm survival and scaling across different growth stages.

Human capital development enhances innovation capability through education, training, and mentorship. Digital and physical infrastructure enable market access and operational efficiency, particularly for technology-driven start-ups. A collaborative entrepreneurial culture further strengthens ecosystem resilience by promoting knowledge sharing, experimentation, and peer learning.

## Sampling Design

In this study, the sampling design is the purposive sampling technique since the study is concentrated on a particular group of people who are directly linked to the activities of entrepreneurs. The sample includes entrepreneurs, founders of start ups, owners of small and medium enterprises (SMEs), and professionals associated with the support systems in the entrepreneurship such as incubators, accelerators and financial institutions.

The sampling will be based on the experience of the respondents, their relevance and knowledge base in the areas of digital entrepreneurship, sustainability practices, funding mechanisms and policy support. The sampling methodology will ensure that the data that is gathered is rich, focused and in line with the purpose of the research. The selection of sample is based on its availability, time as well as the fact that it is supposed to be representative enough in terms of representation in the various sectors.

## Challenges To Ecosystem Sustainability

Emerging economies face persistent challenges that undermine ecosystem sustainability. Limited availability of early-stage financing restricts experimentation and increases start-up mortality. Regulatory complexity and policy inconsistency raise compliance costs and deter investment.

Skill mismatches between education systems and industry needs constrain innovation capacity. Ecosystem resources are often concentrated in major urban centers, excluding rural and marginalized communities. Additionally, insufficient integration of environmental sustainability considerations poses long-term ecological and social risks.

## Comparative Insights From Emerging Economies

Comparative insights from India, Kenya, and Brazil illustrate how ecosystem trajectories are shaped by contextual factors, institutional arrangements, and policy interventions. India benefits from digital public infrastructure and a large domestic market but faces regional imbalance. Kenya demonstrates context-specific innovation in fintech and agritech, while Brazil exhibits strong innovation hubs alongside institutional complexity.

Despite differences, common challenges related to inclusivity, scaling, and sustainability remain evident across these ecosystems.

**Tables Table 1: Key Components of a Sustainable Start-up Ecosystem**

Component	Description	Sustainability Contribution
Policy & Regulation	Laws, incentives, governance	Reduces uncertainty
Finance	Angel, VC, public funds	Enables scaling
Human Capital	Skills, education	Innovation capacity
Infrastructure	Digital & physical	Market access
Culture	Risk tolerance	Entrepreneurial resilience

**Table 2: Sustainability Challenges in Emerging Economies**

Challenge	Impact on Ecosystem
Funding gaps	High failure rates
Regulatory complexity	Entry barriers
Skill mismatch	Low innovation
Regional inequality	Exclusion
Environmental neglect	Unsustainable growth

### Policy Implications

Policy interventions play a critical role in strengthening ecosystem sustainability. Governments can enhance early-stage financing through public-private co-investment schemes and credit guarantees.

Simplifying regulatory frameworks, promoting inclusive entrepreneurship, and incentivizing green and social innovation can further enhance ecosystem resilience. Regional ecosystem development strategies are essential to ensure balanced growth.

### Key Challenges to Sustainable Start-up Ecosystems in Emerging Economies:

Challenge Category	Specific Issues	Ecosystem Impact
Financial Constraints	Limited seed funding, high cost of capital, weak exit markets	High start-up mortality and slow scaling
Institutional Barriers	Regulatory complexity, policy instability, weak enforcement	Reduced investor confidence
Talent Gaps	Skill mismatch, brain drain	Low innovation quality
Regional Inequality	Urban concentration of resources	Exclusion of rural and semi-urban entrepreneurs
Environmental Neglect	Lack of sustainability orientation	Long-term ecological and social risks

## FINDINGS OF THE STUDY

The research results show that entrepreneurship plays a significant role in the cost-effective development, development, and generation of employment in the emerging economies. The majority of the respondents indicated that the entrepreneurs have positively influenced the income creation and the chance to be self employed particularly among the youth and first generation entrepreneurs. The researchers found out that entrepreneurship is emerging as a potential work choice within the evolving social trends, increased educational opportunities and through the assistance of the government initiatives.

The paper has also determined that digital transformation has significant influence to the performance and business sustainability of entrepreneurs. Many entrepreneurs have adopted the use of digital platforms such as online platforms or online marketing, online payment platforms as well as online stores. It was found that the cost of operation reduced because of the digital adoption, the business interaction and scaled up were enhanced. However, the findings also indicate that a number of business people still have the issue of inadequate digital competence and lack of infrastructure particularly in rural and semi-urban areas.

## CONCLUSION

As an element of economic growth, innovation and social development, especially in emerging economies, entrepreneurship has become a central pillar in the establishment of employment, self-sufficiency, and inclusive prosperity. The research points out that modern entrepreneurship is not confined by the conventional business formation, but it involves digital entrepreneurship, sustainable entrepreneurship, and social entrepreneurship that involve local and global issues. This study has shown that the following factors play a significant role in entrepreneurship: the adoption of the digital environment, the availability of finance, governmental policies, institutional support, and entrepreneurship education. Businessmen in the new economies are using new strategies and digital tools more to overcome business challenges, increase their market coverage, and productivity, which will lead to the overall development of their regions.

To sum up, the research confirms that the notion of entrepreneurship is a dynamic and multi-dimensional phenomenon that can reshape the emerging economies by introducing innovations and creating jobs as well as by developing the economy in a sustainable manner. Through the management of issues of finance, digital adoption, policy awareness, and sustainability practices, the stakeholders such as business persons, the government, financial institutions, and learning institutions can provide the enabling environment to support growth-oriented and socially responsible businesses. The study highlights the fact that entrepreneurship has the potential to limit the trade, which can be achieved by balancing the economic, social and environmental goals to enhance inclusive development, sustainability and long term prosperity in the developing economies.

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