

# Economic Freedom on Entrepreneurial Activity

*Groundbreaking study uncovers link between economic freedom and entrepreneurial success*

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Groundbreaking study “The Impact of Economic-Related Freedoms on the National [Entrepreneurial Activity](#)” uncovers link between [economic freedom](#) and entrepreneurial success.

A groundbreaking new study by Dr. Juan M. Dempere and Dr. Alexandrina M. Pauceanu explores the intricate

relationship between economic freedom and entrepreneurship by analyzing the constituent components of the Heritage Foundation’s Index of Economic Freedom (IEF) and the [Global Entrepreneurship Index](#) (GEI) and its sub-indexes. As the most comprehensive global analysis of its kind, this research examines data from 118 countries between 2014 and 2019.

The study, which seeks to fill a crucial gap in understanding the impact of economic-related freedoms on national entrepreneurial activity, reveals a significant positive relationship between the GEI and the business, financial, and trade freedom indexes. Furthermore, the GEI’s sub-indexes, which represent entrepreneurial attitudes, abilities, and aspirations, also demonstrate a strong correlation with these economic freedom factors.

These results emphasize the importance of a favorable local business environment, efficient financial institutions, liberal foreign trade policies, market-driven economies with minimal government interference, and open investment markets in fostering vibrant entrepreneurial activity. This knowledge is particularly vital for decision-makers responsible for promoting national entrepreneurship, as it can help trigger national dialogues about government strategies and practices to improve economic freedom constituent factors.

Using the UN Human Development Index to classify countries into open developed economies (ODE) and non-developed economies (NDE), Dr. Dempere and Dr. Pauceanu’s study found that ODE countries displayed a negative relationship between the GEI and monetary freedom.



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Conversely, NDE countries exhibited a positive relationship between the GEI and business, trade, and financial freedom indexes.

By analyzing the data, the researchers aimed to understand the various factors that contribute to entrepreneurial ecosystems and how they differ between ODE and NDE countries. The results provide crucial insights for government decision-makers who need to support their decision-making processes with scientific data and analysis. The study's findings may also assist government authorities in adjusting existing strategies and policies to improve the analyzed IEF's constituent factors, leading to increased economic growth and innovation.

This innovative research highlights the significant role that government policies play in shaping the regulatory framework and fostering entrepreneurial ecosystems. Additionally, it underscores the need for further investigation into the relationships between the different indexes and sub-indexes, as well as the impact of cultural traits, local economic institutions, and income inequality on entrepreneurial activity.

As the first study to examine the explanatory power of the IEF's constituent components over the GEI and its sub-indexes, Dr. Dempere and Dr. Pauceanu's research offers a unique and vital contribution to our understanding of the complex interplay between economic freedom and entrepreneurship on a global scale.

The research articles is available at <https://doi.org/10.1186/s13731-022-00237-0>

You can also watch a brief summary of the article in YouTube at <https://youtu.be/0NZDeYfyems>

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