

## **Panel analysis of the relationship between main socio-economic factors and new business density**

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### **Abstract**

The role of government management and the form of countries' economy play an important role in the development of the business environment. This article studies the effects of socio-economic factors like the rule of law, control of corruption, level of high-tech exports, and education spending of government on the number of new businesses in the country. Leveraging a robust panel data analysis approach, the research finds that countries with high levels of rule of law and lower corruption are better places for businesses. Also, if the country's economy is technology-based, then there is a better environment for new enterprises. It means that innovation and a technology-based economy help produce and attract better human capital and technology essential for developing a good business environment. If government management is fair, then there are no serious bureaucratic obstacles like corruption on the way to new businesses. Our study contributes to a greater knowledge of the numerous causes that drive entrepreneurial activity by explaining these complicated linkages, giving useful insights for policymakers and stakeholders trying to stimulate sustainable economic growth and development. Furthermore, there are more factors that affect the number of new businesses. However, this article tries to explain some of these factors.

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