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From dream to disillusion: How failed Entrepreneurial ecosystem shape campus aspirations through fear of failure, grit and social engagement

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ABSTRACT

This study examines the impact of entrepreneurial ecosystem failures on students' entrepreneurial aspirations, while investigating fear of failure as a mediator and social capital engagement and grit as moderating influences. Grounded in Social Cognitive Theory (SCT) and the Theory of Planned Behavior (TPB), the study explores how failures within the entrepreneurial ecosystem - such as the absence of mentoring, experiential learning opportunities, and institutional support - lead to reduced self-efficacy, diminished perceived behavioral control, and lower entrepreneurial aspirations among students. Using a cross-sectional survey and structural equation modeling approach, data were collected from 221 undergraduate and postgraduate students who perceived their institutional entrepreneurial ecosystem as ineffective. The findings reveal that entrepreneurial ecosystem failures significantly increase students' fear of failure ($\beta = 0.69$, $p < .001$) and negatively affect their entrepreneurial aspirations ($\beta = -0.22$, $p < .001$). Fear of failure partially mediates this relationship, demonstrating a significant indirect effect (−0.176). Furthermore, students with higher levels of grit ($\beta = 0.220$) and stronger social capital engagement ($\beta = 0.306$) are less adversely affected, as these factors buffer the negative impact on entrepreneurial aspirations. The findings provide important implications for educators, incubation centers, and policymakers by emphasizing the need to reduce institutional barriers and strengthen student resilience through targeted interventions. This study contributes to the literature on student entrepreneurship by integrating psychological and environmental barriers and by enhancing understanding of how entrepreneurial aspirations can be restored and strengthened. The findings also contribute to the sustainable development discourse by demonstrating how deficiencies in entrepreneurial ecosystems can hinder the development of future entrepreneurs, thereby limiting innovation, employment generation, and inclusive economic growth. By highlighting the importance of psychological and social resources, the study supports higher education interventions aligned with Sustainable Development Goals such as SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth).

Keywords: entrepreneurial ecosystems, sustainable development, campus aspirations, fear of failure, grit, social engagement

INTRODUCTION

In the contemporary global economy, entrepreneurship is widely recognized as a critical driver of innovation, employment generation, and sustainable development (OECD, 2019; World Bank, 2020). In response, higher education institutions have increasingly integrated entrepreneurship into their curricula to equip students with the competencies needed to navigate uncertain, dynamic career environments (Fayolle & Gailly, 2008; Kuratko, 2005). Despite these efforts, a persistent gap remains between entrepreneurship education and students' actual engagement with entrepreneurial pathways (Krueger Jr et al., 2000).

This gap raises an important question: why do theoretically grounded and institutionally supported entrepreneurial ecosystems within universities often fail to translate knowledge into sustained entrepreneurial orientation among students? Existing research highlights that structural elements of the entrepreneurial ecosystem such as mentorship, experiential learning opportunities, incubation support, and institutional frameworks play a crucial role in shaping entrepreneurial outcomes (Isenberg, 2010; Stam, 2015). However, when these elements are weak, fragmented,

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or inaccessible, they may not only fail to support entrepreneurship but may also actively discourage it.

Importantly, this disconnect is not purely structural but also psychological. Among the various psychological inhibitors, fear of failure has emerged as a critical factor that constrains entrepreneurial engagement (Sarasvathy, 2001; Shepherd, 2003). Even in the presence of resources, students may refrain from pursuing entrepreneurship due to perceived risks, uncertainty, and social consequences associated with failure (Krueger Jr & Brazeal, 1994). At the same time, individual and social resources - such as perseverance (grit) and social engagement—may buffer these negative effects, although their combined influence remains insufficiently understood (Duckworth et al., 2007; Lin, 2001).

From a sustainability perspective, entrepreneurial activity is widely recognised as a driver of inclusive economic development, innovation, and job creation (United Nations, 2015). However, when entrepreneurial ecosystems fail to provide adequate structural and institutional support, they not only hinder individual entrepreneurial outcomes but also weaken broader contributions to sustainable development. In this regard, understanding how ecosystem deficiencies shape students' entrepreneurial aspirations is critical for advancing Sustainable Development Goals, particularly SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth.

A key conceptual issue underlying this gap relates to the distinction between entrepreneurial aspiration and entrepreneurial entrepreneurial aspiration. While much of the existing literature focuses on entrepreneurial aspiration as an immediate predictor of entrepreneurial behaviour, entrepreneurial aspiration reflects a relatively advanced stage of decision-making characterised by readiness to act (Ajzen, 1991). In contrast, entrepreneurial aspiration captures a broader, long-term orientation toward becoming an entrepreneur, closely linked to identity formation and future career preferences (Bandura, 1986). This distinction is particularly relevant in student populations, where individuals are often in exploratory phases and may not yet have formed concrete entrepreneurial aspirations.

Drawing on Social Cognitive Theory (SCT) and the Theory of Planned Behavior (TPB), this study conceptualizes entrepreneurial ecosystem failures as environmental constraints that shape cognitive and affective responses (Ajzen, 1991; Bandura, 1986). Within this framework, fear of failure represents a key psychological mechanism through which environmental conditions influence entrepreneurial outcomes, while grit and social engagement function as protective resources that may attenuate these effects. The scientific problem, therefore, is to identify how environmental deficits and psychological variables interact to shape, inhibit, or sustain students who perceive their institutional entrepreneurial ecosystem as ineffective in shaping entrepreneurial aspirations in higher education settings.

Accordingly, the central objective of this study is to examine how entrepreneurial ecosystem failures influence student entrepreneurial aspirations, with a particular focus on the mediating role of fear of failure and the moderating roles of perseverance and social engagement. By integrating environmental, psychological, and social dimensions within a single framework, the study seeks to provide a more comprehensive understanding of entrepreneurial motivation in higher education contexts.

LITERATURE REVIEW

Fear of failure has been widely recognized as a significant psychological barrier in the entrepreneurial process, particularly among students. It may arise from perceived inadequacy, uncertainty about entrepreneurial processes, and concerns regarding social judgment. Importantly, fear of failure is not solely an individual-level trait but is often shaped by the broader entrepreneurial environment. When students are exposed to systemic deficiencies such as lack of entrepreneurial education, limited mentorship, inadequate incubation support, and weak institutional frameworks they are more likely to internalize these constraints as personal risks (Engel et al., 2021). In such contexts, entrepreneurial ecosystem failures can collectively contribute to a culture in which fear of failure is normalized, particularly among novice entrepreneurs (Cardella et al., 2020). This suggests that fear of failure is both psychologically experienced and structurally embedded.

The entrepreneurial ecosystem has been extensively studied as a determinant of entrepreneurial outcomes, particularly entrepreneurial entrepreneurial aspiration (Acs et al., 2017; Ali et al., 2019). However, prior research has predominantly focused on ecosystems as enabling and supportive environments. This perspective overlooks the role of ecosystem failure or deficiency, especially in developing contexts where ecosystems may be fragmented, inconsistent, or underdeveloped. Such deficit conditions, characterised by regulatory barriers, weak institutional support, and limited access to resources, may not only constrain entrepreneurial activity but may actively discourage it by amplifying uncertainty and perceived risk. Despite its importance, the conceptualization of entrepreneurial ecosystem failure as a multidimensional construct remains underdeveloped, representing a key gap addressed in this study.

The relationship between fear of failure and entrepreneurial outcomes has been well established, particularly in relation to entrepreneurial entrepreneurial aspiration. Empirical evidence suggests that individuals with high fear of failure are less likely to engage in entrepreneurial activities due to concerns about financial loss, reputational damage, and psychological stress (Mutmainnah et al., 2024). Cultural and educational contexts further shape these perceptions, especially in societies where failure is associated with stigma rather than learning (Bosma et al., 2018). Fear of failure has also been shown to reduce entrepreneurial self-efficacy and opportunity recognition (Mehdi & Singh, 2025). However, existing research has largely treated fear of failure as a direct predictor, with limited attention to its role as a mediating psychological mechanism linking environmental conditions to higher-order entrepreneurial outcomes.

Emerging studies suggest that fear of failure may transmit the negative effects of ecosystem deficiencies onto entrepreneurial outcomes (Shahid et al., 2024). However, these studies primarily focus on entrepreneurial entrepreneurial

aspiration, with relatively limited attention to entrepreneurial aspiration. As noted earlier, aspiration reflects a deeper and more enduring motivational orientation compared to entrepreneurial aspiration, capturing long-term career orientation rather than immediate behavioral readiness. This distinction is particularly relevant in student populations, thereby justifying the focus of the present study.

In addition, prior research has examined individual and social resources such as grit and social support, but largely in isolation. Entrepreneurial perseverance, or grit, enables individuals to sustain effort toward long-term goals despite setbacks (Duckworth et al., 2007). In entrepreneurial contexts, grit facilitates the reinterpretation of failure as a learning experience rather than a terminal outcome (Vuong et al., 2015), suggesting its potential to buffer the negative effects of fear of failure.

Similarly, social engagement represents an important contextual resource. Participation in peer networks, mentorship programs, and entrepreneurial communities provides emotional support, shared learning, and access to information (Huggins & Thompson, 2015). Such interactions can normalize failure, reduce perceived risk, and enhance confidence. Despite these insights, few studies have simultaneously examined the moderating roles of both psychological (grit) and social (engagement) resources within a unified framework.

Although universities and policymakers have introduced initiatives such as incubators, bootcamps, and experiential learning programs, these efforts primarily emphasize skill development and opportunity recognition. Comparatively less attention has been given to psychological preparedness, including fear management, resilience, and social connectedness (Daniel, 2016). This highlights a disconnect between structural ecosystem development and students' lived psychological experiences.

Against this backdrop, the present study makes several contributions. First, it shifts the focus from entrepreneurial entrepreneurial aspiration to entrepreneurial aspiration, thereby capturing an earlier and more identity-oriented stage of entrepreneurial development. Second, it reconceptualizes the entrepreneurial ecosystem by examining ecosystem failure as a multidimensional construct, rather than focusing solely on supportive elements. Third, it positions fear of failure as a mediating mechanism linking environmental constraints to entrepreneurial outcomes. Finally, it develops an integrated moderated-mediation framework that simultaneously incorporates contextual, psychological, and social factors.

By doing so, the study provides a more holistic and contextually grounded understanding of how entrepreneurial aspirations are shaped in higher education settings characterized by structural constraints.

Theoretical Foundation

This study integrates Social Cognitive Theory (SCT) and the Theory of Planned Behavior (TPB) to explain how environmental constraints, psychological mechanisms, and personal and social resources jointly shape entrepreneurial aspirations among students. Rather than treating these theories as parallel explanations, the study positions them as complementary frameworks, where SCT explains how environmental conditions are internalized into cognitive and affective responses, and TPB explains how these cognitive evaluations translate into motivational outcomes.

From an SCT perspective, behavior and motivation emerge from the reciprocal interaction between environmental factors, cognitive processes, and individual characteristics (Bandura, 1986). In entrepreneurial contexts, environmental conditions such as institutional support, social norms, and educational exposure play a critical role in shaping how individuals interpret opportunities and risks. Prior studies demonstrate that environmental and sociological factors—including entrepreneurship education, institutional context, and social norms—significantly influence entrepreneurial self-efficacy and motivation (Tormo-Carbó et al., 2024; Yasir et al., 2025). Extending this perspective, the present study conceptualizes entrepreneurial ecosystem failure (FEE) as an adverse environmental condition characterized by structural deficiencies such as lack of mentorship, weak institutional support, and limited access to resources. These constraints signal heightened uncertainty and risk, thereby shaping individuals' cognitive and emotional responses.

Within this framework, fear of failure (FOF) is conceptualized as a cognitive–affective mechanism through which environmental constraints are internalized. SCT suggests that individuals form outcome expectations and self-evaluations based on environmental cues, which in turn influence their behavior. Negative environmental signals such as lack of support or weak institutional structures can reduce perceived competence and increase perceived risk, thereby heightening fear-related responses (Maheshwari, 2022; Sánchez-Teba et al., 2025). Thus, fear of failure represents a contextually shaped psychological state that mediates the relationship between ecosystem conditions and entrepreneurial outcomes.

Complementing SCT, TPB explains how such cognitive and affective evaluations influence goal-directed motivation. According to TPB, behavior is driven by entrepreneurial aspiration, which is shaped by attitudes, subjective norms, and perceived behavioral control (Ajzen, 1991). In this study, entrepreneurial aspiration (EA) is conceptualized as a pre-entrepreneurial aspirational, entrepreneurial aspiration-proximal construct, reflecting a longer-term orientation toward becoming an entrepreneur rather than immediate readiness to act. This distinction is particularly relevant in student contexts, where individuals may not yet have formed concrete behavioral entrepreneurial aspirations.

Within the TPB framework, fear of failure is closely associated with perceived behavioral control, as heightened fear reduces individuals' confidence in their ability to successfully perform entrepreneurial activities. Similarly, adverse environmental conditions weaken attitudes toward entrepreneurship and may negatively influence subjective norms, particularly when entrepreneurial success is perceived as uncertain or unsupported. Empirical studies support these linkages, showing that environmental and cognitive factors jointly influence entrepreneurial motivation and orientation (Burlacu, 2020; Milohnić & Licul, 2025; Slomski et al., 2024; Zhong, 2026).

The integration of SCT and TPB further highlights the role of self-efficacy and cognitive appraisal processes as bridging mechanisms between environmental conditions and motivational outcomes. Prior research indicates that self-efficacy strengthens perceived behavioral control and mediates the relationship between contextual factors and entrepreneurial motivation (Maheshwari, 2022; Thao et al., 2025). In environments characterized by ecosystem failure, reduced self-efficacy and heightened fear of failure jointly contribute to weaker entrepreneurial aspirations, reinforcing the need to examine these processes in combination.

In addition, this study incorporates entrepreneurial perseverance (grit) and social engagement as moderating variables, consistent with both SCT and TPB. From an SCT perspective, grit represents a personal self-regulatory resource that enables individuals to persist despite adverse conditions. Individuals with higher perseverance are more likely to reinterpret failure as a learning experience, thereby weakening the negative impact of fear on entrepreneurial aspiration. Similarly, social engagement represents a relational and environmental resource that provides social support, observational learning, and reinforcement. Prior studies indicate that social networks and role models enhance self-efficacy, shape subjective norms, and strengthen entrepreneurial motivation (Ho et al., 2025; Trinh et al., 2025). From a TPB perspective, social engagement reinforces subjective norms by fostering positive social validation of entrepreneurial pursuits.

Accordingly, the integrated framework developed in this study conceptualizes entrepreneurial ecosystem failure as an environmental constraint (SCT), fear of failure as a cognitive–affective mediator (SCT), and entrepreneurial aspiration as a pre-entrepreneurial aspirational motivational outcome (TPB-aligned). The relationships are further conditioned by grit (personal resource) and social engagement (social resource), reflecting the joint influence of individual resilience and social context.

From a sustainability standpoint, the integration of SCT and TPB provides a useful lens to understand how environmental constraints and cognitive processes influence not only entrepreneurial outcomes but also long-term sustainable development trajectories. Entrepreneurial aspirations, as an entrepreneurial aspiration-proximal construct, represent a critical precursor to future entrepreneurial activity, which is essential for innovation, employment creation, and sustainable economic development. Thus, the proposed framework links individual-level psychological processes with broader sustainability outcomes.

Overall, this integrated approach demonstrates how SCT and TPB can be meaningfully combined to explain entrepreneurial motivation by linking environmental conditions, psychological processes, and motivational outcomes within a unified model, thereby moving beyond a purely entrepreneurial aspiration-centric perspective.

Hence, from the review of literature and theoretical framework, the following hypotheses are proposed:

H1: Failures in the entrepreneurial ecosystem positively influence students' fear of failure.

H2: Failures in the entrepreneurial ecosystem negatively influence student entrepreneurial aspirations.

H3: Fear of failure negatively influences student entrepreneurial aspirations.

H4: Fear of failure mediates the relationship between failures in the entrepreneurial ecosystem and entrepreneurial aspirations.

H5: Entrepreneurial perseverance moderates the relationship between fear of failure and entrepreneurial aspirations.

H6: Social engagement moderates the relationship between fear of failure and entrepreneurial aspirations.

Figure 1 demonstrates the above hypothetical relationship in the form of conceptual model.

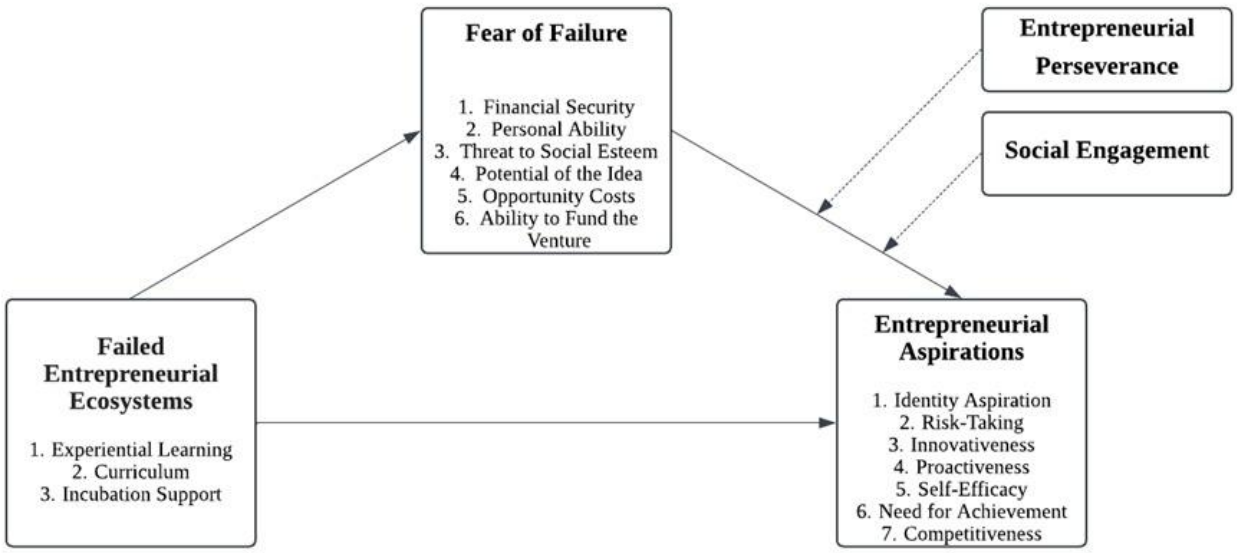


Figure 1. Conceptual model (Source: Authors' own elaboration)

Table 1. Demographic profile

Variable	Category	Percentage (%)
Age	20–22	86.9
	23–25	8.1
	26–28	5.0
Gender	Male	58.4
	Female	41.6
Academic Level	Final-year Undergraduate	87.3
	Final-year Postgraduate	12.7
Region	Urban	55.7
	Semi-urban	22.2
	Rural	22.2
Number of Internships	0	67.0
	1	21.7
	2–3	6.3
	4 or more	5.0
Entrepreneurship Exposure	Formal course/training	32.1
	No formal exposure	51.6
	Extracurricular activities/events	16.3
Entrepreneurial Motivation	Start own business	46.6
	Work in a startup	12.2
	Improve business skills	18.1
	Enhance career prospects	22.6
	Establish a clinic	0.5
Entrepreneurial Support Needed	Business planning	38.0
	Financial management	21.7
	Marketing & customer acquisition	10.4
	Networking & partnerships	10.0
	Leadership & team building	13.6
	Legal & regulatory knowledge	6.3

METHODS

To examine the effect of Failed Entrepreneurial Ecosystems (FEE) on student entrepreneurial aspiration while considering the mediating effect of fear of failure, and the moderating role of perseverance in entrepreneurship as well as social involvement, this study employed a cross-sectional and quantitative research design. This design was selected to enable the objective measurement and statistical testing of relationships among variables through the collection of data using a structured questionnaire. This approach is suitable to answer theory-based questions, and permits the application of complex statistical methods (e.g., Structural Equation Modeling (SEM)) to test both direct as well as interaction effects.

The study obtained a total of 221 data from the students (see **Table 1**), out of which the majority of the respondents (86.9%) were aged between 20-22 and predominantly male (58.4%). Further, most of the respondents were Final-year Undergraduates (87.3%), living in an urban area (55.7%). Interestingly, most students indicated that they have not done any internship (67%), which could be because of a lack of university-organized internship opportunities. Additionally, the majority of the students expressed that they have never been formally exposed to entrepreneurship (51.6%), but most of the students claimed that they are motivated or are willing to pursue entrepreneurship to start their own business (46.6%). Also, the majority of the respondents indicated that they need Entrepreneurial support in Business planning (38%) and financial management (21.7%)

Using primary and secondary data, the study incorporated a descriptive & analytical study method to accomplish the objective of the study which was to determine the effect of Failed Entrepreneurial Ecosystems (FEE) on student entrepreneurial aspirations, alongside testing the mediating effect of fear of failure, and moderating effects of entrepreneurial perseverance, and social engagement. A structured questionnaire was designed for data accumulation employing existing as well as validated scales from prior empirical studies. The questionnaire encompassed two parts: Part I discussing the Demographic Profile and Part II encompassing students' viewpoints and experiences based on constructs such as Failed Entrepreneurial Ecosystem (FEE), consisting of subconstructs such as curriculum components, experiential components, and incubation components (three items each), were measured, generating the items from Soetanto and Jack (2016), Cui (2021), and Fayolle and Gailly (2015). Fear of Failure (FoF) consisted of subconstructs like Financial Security, Personal Ability, Threat to Social Esteem, Potential of the Idea, Opportunity Costs, and Ability to Fund the Venture (three items each), which were measured using the items from Conley (2018)'s work. Entrepreneurial Aspirations with subconstructs such as Identity Aspiration (two items), Risk-Taking (two items), Innovativeness (two items), Proactiveness (two items), Self-Efficacy (two items), Need for Achievement (three items), and Competitiveness (one item) were gauged considering items of Gregori et al. (2021). Further Entrepreneurial Perseverance (EP) (seven items) and Social Engagement (SE) (five items) were measured using the items from Conley (2018) and Guo (2018) and were modified to this study's context. All of the items were measured on a 5-point Likert scale, ranging from 1 to 5, 1 indicating strongly disagree (SD), to 5 demonstrating strongly agree (SA).

The present study used a quantitative, cross-sectional research design to measure the effects that failed entrepreneurial ecosystems have on the entrepreneurial aspirations of students studying in higher education. The target population was final-year undergraduate and postgraduate students studying commerce and management in the districts of Karnataka, India, such as Mangalore, Mysore, Hubli-Dharwad, and the outskirts of Bangalore. The rationale for selecting these areas was based on the presence of entrepreneurship initiatives in these marketplaces, such as E-cells, incubation centers, and entrepreneurial education modules.

A purposive sampling method was used to identify students who had been exposed to various entrepreneurship initiatives while studying in their courses. The sample was relevant to answer the question regarding failed entrepreneurial ecosystems by having the pre-screening filter question: "Do you believe the entrepreneurship consultancy offered by your institution (courses, mentoring, incubation, events) was ineffective or of little real value?" on the first page of the survey. Only those individuals who answered "Yes" could complete and submit the survey questionnaire. Data were collected through a self-administered structured questionnaire, which was disseminated both digitally (via online platforms such as Google Forms) and in hard copy to

maximize coverage and access across multiple institutional settings. A screening question was used to identify respondents who perceived the entrepreneurial support provided by their institution as ineffective or of limited value. Only those who answered affirmatively were included in the final sample. Consequently, the sample represents a specific subgroup of students who already hold relatively critical perceptions of the entrepreneurial ecosystem, rather than the general student population. This approach was adopted to capture more nuanced insights into how perceived ecosystem deficiencies shape psychological and behavioral outcomes; however, it introduces potential sampling bias and limits the generalizability of the findings.

Faculty, as well as entrepreneurship cell coordinators, were instrumental in helping achieve institutional access for online and in-person survey instruments. A total of 230 responses were collected initially from the final survey distribution. After cleaning the data and removing survey responses that were incomplete or deemed not eligible for the study, 221 responses were retained for analysis. The data were coded and imported into SPSS for basic statistical checks before further analysis under AMOS for structural modelling. The study followed ethical research principles. All participants provided informed consent, and confidentiality and anonymity were upheld throughout the research process. Additionally, prior Scientific Review Board Approval was obtained.

To minimize the risk of common method bias (CMB), several procedural remedies were implemented during the data collection process. Respondents were assured of anonymity and confidentiality to reduce evaluation apprehension and social desirability bias. The questionnaire items were carefully structured to avoid ambiguity, and constructs were measured using established scales adapted from prior studies. Additionally, the items for different constructs were presented in separate sections to reduce respondents' ability to infer relationships between variables. These procedural steps are consistent with recommended practices for reducing common method variance in self-reported survey research. To assess the presence of common method bias, Harman's single-factor test was conducted using exploratory factor analysis. The results indicated that the first unrotated factor accounted for 34% of the total variance, which is below the commonly accepted threshold of 50%. This suggests that common method bias is unlikely to be a serious concern in the present study. Further, to assess potential multicollinearity, variance inflation factor (VIF) values were examined for all predictor variables. The VIF values ranged between 3.79 and 3.60, which are well below the recommended threshold of 5, indicating that multicollinearity is not a concern in this study.

The reliability and validity of the measurement model were confirmed through a series of statistical checks. The results indicated that all factor loadings were higher than the recommended target of 0.60, confirming adequate strength for the items to reside within a construct. The model fit showed acceptable indices as recommended by Hair Jr et al. (1998, 2010), Hu and Bentler (1999), and Byrne (2001, 2013) (SRMR = 0.065; GFI = 0.928; AGFI = 0.910; CFI = 0.945; NFI = 0.931; RMSEA = 0.046) that all met standard cut-offs, indicating an adequate model fit. Internal consistency reliability was demonstrated using Composite Reliability (CR) with values equal to and above 0.70 for all of the constructs. Convergent validity was supported with Average Variance Extracted (AVE) values equal to or above 0.50. Discriminant validity was confirmed by referring to the Fornell and Larcker (1981) criterion to confirm that the square root of the AVE for each construct was greater than any correlations with the other constructs. Accordingly, the measurement model demonstrated sufficient reliability, validity, and structural integrity. **Table 2** presents the means, standard deviations, and correlation matrix for all constructs. The correlations are in the expected directions and below the threshold of 0.85, indicating no issues of multicollinearity or redundancy among constructs.

The focus on this subgroup is consistent with the study's objective of understanding how perceived failures in the entrepreneurial ecosystem influence student outcomes. Nevertheless, this targeted sampling approach should be interpreted with caution, as it may amplify observed relationships among constructs.

Table 2. Factor loadings, reliability, convergent validity, and discriminant validity (Fornell–Larcker criterion)

Items	Measurement Model	Mean	S.D.	CR	AVE	FOF	EA	EP	FEE	SE
FOF1	0.683	3.540	1.098							
FOF2	0.742	3.477	1.030							
FOF3	0.737	3.500	1.047							
FOF4	0.742	3.659	1.091							
FOF5	0.668	3.536	.979							
FOF6	0.791	3.640	1.029							
FOF7	0.766	3.609	1.080							
FOF8	0.678	3.459	1.033							
FOF9	0.697	3.495	1.025	0.946	0.525	**0.725**				
FOF10	0.724	3.531	1.118							
FOF11	0.712	3.461	1.035							
FOF12	0.651	3.627	1.004							
FOF13	0.737	3.518	.917							
FOF14	0.728	3.545	.951							
FOF15	0.742	3.809	1.032							
FOF16	0.77	3.663	.903							
FOF17	0.733	3.666	.939							

Table 2 (Continued). Factor loadings, reliability, convergent validity, and discriminant validity (Fornell–Larcker criterion)

Items	Measurement Model	Mean	S.D.	CR	AVE	FOF	EA	EP	FEE	SE
EA1	0.692	3.639	.883							
EA2	0.723	3.739	.947							
EA3	0.734	3.659	.957							
EA4	0.66	3.654	.934							
EA5	0.769	3.550	.936							
EA6	0.696	3.745	.949							
EA7	0.766	3.790	.875	0.935	0.508	0.511	**0.713**			
EA8	0.665	3.781	.909							
EA9	0.666	3.827	.883							
EA10	0.704	3.840	.933							
EA11	0.675	3.730	.954							
EA12	0.729	3.859	.960							
EA13	0.725	3.779	.892							
EA14	0.762	3.730	.915							
EP1	0.779	3.716	.923							
EP2	0.778	3.700	.969							
EP3	0.699	3.645	1.006							
EP4	0.748	3.731	.985	0.896	0.552	0.609	0.578	**0.743**		
EP5	0.766	3.690	1.025							
EP6	0.789	3.653	.921							
EP7	0.627	3.636	.951							
FEE1	.684	3.836	.900							
FEE2	.617	3.668	.887							
FEE3	.700	3.790	.947							
FEE4	.686	3.568	.944							
FEE5	.856	3.563	.854	0.921	0.568	0.510	0.498	0.710	**0.754**	
FEE6	.917	3.379	.960							
FEE7	.873	3.822	.935							
FEE8	.650	3.727	.868							
FEE9	.740	3.703	.984							
SE1	.656	3.700	1.024							
SE2	.705	3.722	1.005							
SE3	.856	3.56	.854	0.902	0.653	0.662	0.512	0.653	0.467	**0.808**
SE4	.917	3.379	.960							
SE5	.873	3.822	.935							

Table 3. Direct effect

Hypothesis	Relationship	β	p-value	Label
H1	FOF ← FEE	.69	***	HS
H2	EA ←FEE	-0.22	***	HS
H3	EA←FOF	-0.25	***	HS

Note: FOF = Fear of Failure; FEE Failures in the Entrepreneurial Ecosystem; EA = Entrepreneurial Aspirations

RESULTS

This section provides the results from the Structural Equation Modeling (SEM) as to the hypothesized relationships among the key constructs of the study. SEM allows the study of both direct and indirect effects at the same time in a single model. In this case, we have the perfect methodological strategy for testing the theories put forth in this study. The results are described in three sections: (1) the direct effects test the direct relationship that exists among the variable; (2) the results concerning fear of failure as a mediating variable; and (3) moderation results on both entrepreneurial perseverance (grit) and social engagement in regards to the strength of the relationship that exists between fear of failure and entrepreneurial aspirations. The path coefficients and their significance are reported for the interpretation of the findings.

As per the results (see **Table 3**), failures in the Entrepreneurial Ecosystem exhibits high contribution on Fear of Failure indicating that when students do not have experienced, guided practice, access to mentorship, and encouragement from the institution, they internalize uncertainty and self-doubt, which creates fear of failure based on a sense of inadequate preparation and an inability to navigate real entrepreneurial challenges as an individual (β=0.69, p=.000) (H1 is accepted). Moreover, Failures in the Entrepreneurial Ecosystem significantly influences Entrepreneurial Aspirations (β=-0.22, p=.000) indicating that systemic gaps--whether it be irrelevant curriculum, lack of entrepreneurial role models, or limited access to incubation--are not eliciting students' perceived feasibility and desirability of entrepreneurship and thus impeding their motivation to consider it with legitimacy as a career option (H2 is accepted). Additionally, Fear of Failure negatively impacts Entrepreneurial Aspirations (β=-0.25, p=.000), indicating that increased fear acts as a psychological barrier that limits

Table 4. Mediating effect of fear of failure

Hypothesis	Path	Total Effect	Direct Effect	Path	Indirect Effect	P value	Remarks
H4	FEE→EA	-.400	-.224	FEE→ FOF→EA	-.176	.000	Supported

Note: FOF = Fear of Failure; FEE Failures in the Entrepreneurial Ecosystem; EA = Entrepreneurial Aspirations

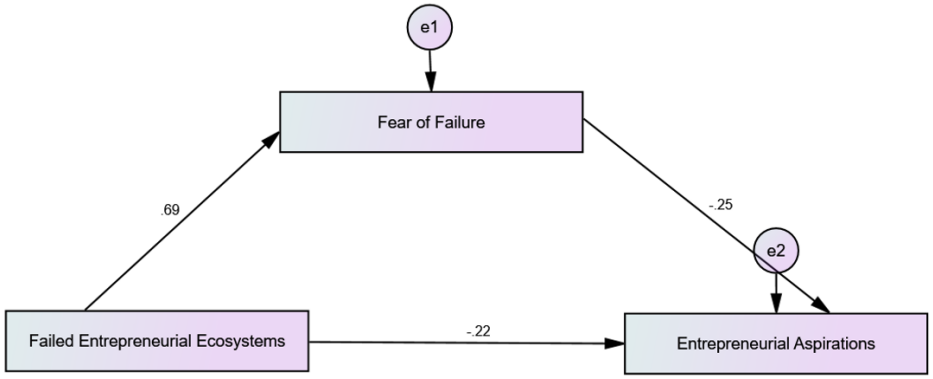


Figure 2. Mediating effect of fear of failure (Source: Authors' own elaboration, extracted from AMOS)

Table 5. Moderating effect of entrepreneurial perseverance (Grit)

Hypothesis	Path	Beta	P Value	Remarks
H5	EA←FOF	-.257	***	Supported
	EA←EP	.713	***	Supported
	EA← FOF × EP	.220	***	Supported

Note: FOF = Fear of Failure; EA = Entrepreneurial Aspirations; EP=Entrepreneurial Perseverance

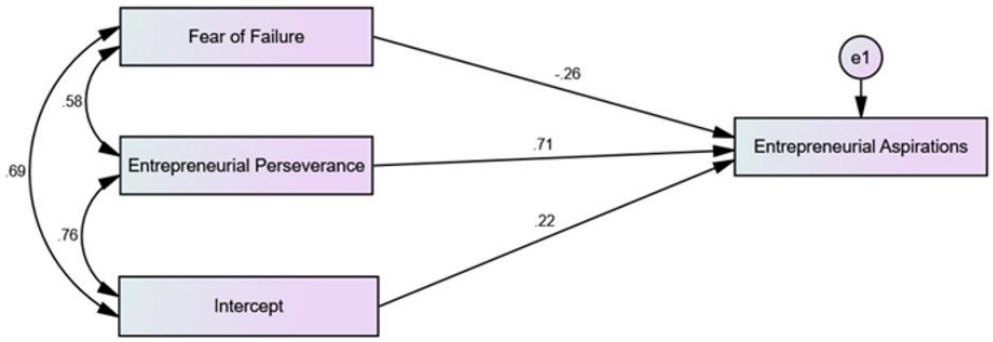


Figure 3. Entrepreneurial perseverance as a moderator (Source: Authors' own elaboration, extracted from AMOS)

willingness to act or take on new uncertainties, and dampens the entrepreneurial aspiration to engage in entrepreneurial behavior even if the individual has the will or the resources (H3 is accepted).

Table 4 and **Figure 2** depict the mediation role of Fear of Failure between the relationship of Failures in the Entrepreneurial Ecosystem and Entrepreneurial Aspirations. The total effect of Failures in the Entrepreneurial Ecosystem on Entrepreneurial Aspirations shows a negative effect with the value of -0.4, demonstrating the direct effect of Failures in the Entrepreneurial Ecosystem on Entrepreneurial Aspirations among students is -0.224, with an indirect effect of Failures in the Entrepreneurial Ecosystem through Fear of Failure towards Entrepreneurial Aspirations is -.176 and p=0.000. This indicates that students' decreased entrepreneurial aspirations are both a direct outcome of ecosystem failures and indirectly through the psychological pathway of an increase in fear of failure. Addressing fear of failure is, therefore, essential in combating the negative effects of a weakened entrepreneurial ecosystem. Thus, H4 is accepted.

To further assess the robustness of the findings, an alternative model specification was tested by excluding the mediating variable (fear of failure). The results indicated that the direct effect of failures in the entrepreneurial ecosystem on entrepreneurial aspirations remained significant, although reduced in magnitude. This supports the partial mediation effect and confirms the stability of the model.

To test the moderating effects, interaction terms were created between fear of failure and the moderators (entrepreneurial perseverance and social engagement). Prior to creating the interaction terms, all variables were mean-centered to reduce multicollinearity. The interaction terms (FOF × EP and FOF × SE) were then incorporated into the structural model to examine whether the strength of the relationship between fear of failure and entrepreneurial aspirations varies across different levels of the moderators.

The moderating effect of entrepreneurial perseverance was examined by including an interaction term between fear of failure and entrepreneurial perseverance (FOF × EP). As shown in **Table 5**, **Figure 3** and **Figure 4**, the interaction term was

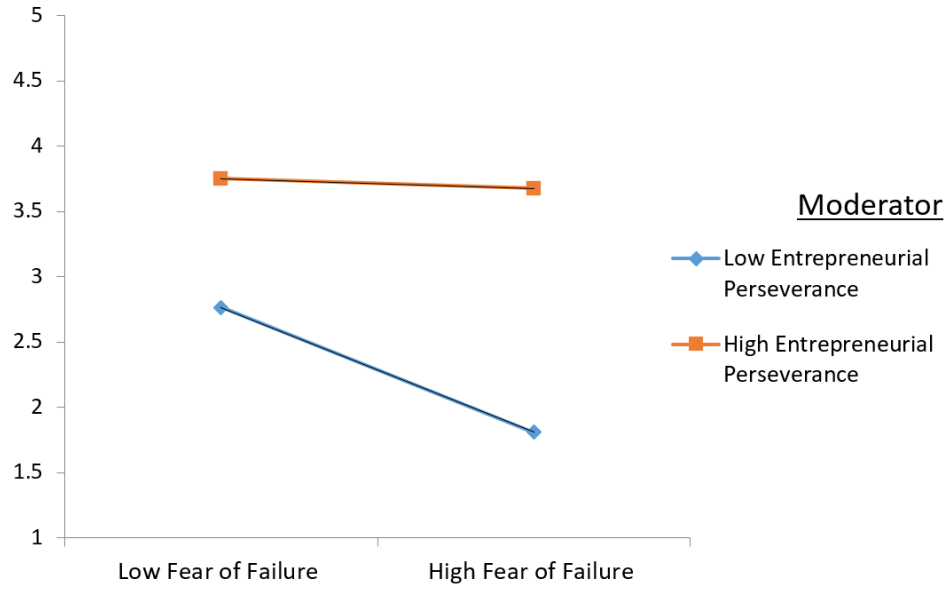


Figure 4. Entrepreneurial perseverance as a moderator (Source: Authors' own elaboration, extracted from SPSS)

Table 6. Moderating effects of social engagement

Hypothesis	Path	Beta	P Value	Remarks
H6	EA←FOF	-.258	***	Supported
	EA←SE	.614	***	Supported
	EA← FOF × SE	.306	***	Supported

Note: FOF = Fear of Failure; EA = Entrepreneurial Aspirations; SE=Social Engagement

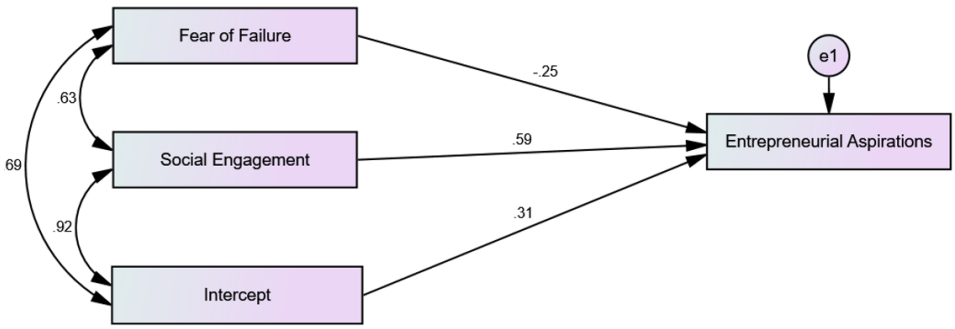


Figure 5. Social engagement as a moderator (Source: Authors' own elaboration, extracted from SPSS)

positive and significant (β = 0.220, p < .001), indicating that entrepreneurial perseverance weakens the negative relationship between fear of failure and entrepreneurial aspirations. Thus, H5 is supported.

Similarly, the moderating role of social engagement was tested using an interaction term (FOF × SE). The interaction effect was found to be positive and significant (β = 0.306, p < .001), suggesting that social engagement mitigates the negative impact of fear of failure on entrepreneurial aspirations. Therefore, H6 is supported (see **Table 6**, **Figure 5** and **Figure 6**).

This study examined how failures in the entrepreneurial ecosystem influence student entrepreneurial aspirations, particularly through the mediating role of fear of failure and the moderating effects of perseverance and social engagement. While the findings are broadly aligned with prior research, the results provide additional insight into how these relationships operate within a student population situated in a developing ecosystem context.

A key finding is that failures in the entrepreneurial ecosystem significantly increase students' fear of failure. Consistent with Zhao et al. (2005), Nabi et al. (2017), and Walter and Block (2016), the absence of mentorship, experiential learning, and institutional support contributes to heightened uncertainty and perceived risk. However, the strength of this relationship in the present study appears to be influenced by the characteristics of the sample. Students, particularly those with limited exposure to real entrepreneurial practice, tend to rely more heavily on environmental signals when evaluating entrepreneurial feasibility. As a result, ecosystem deficiencies may be internalized not merely as external constraints but as indicators of personal vulnerability. In contexts where exposure to successful entrepreneurial role models and experiential learning is limited, these perceptions are likely to be amplified. This suggests that ecosystem failures may exert stronger psychological effects at early stages of entrepreneurial development, especially in resource-constrained environments.

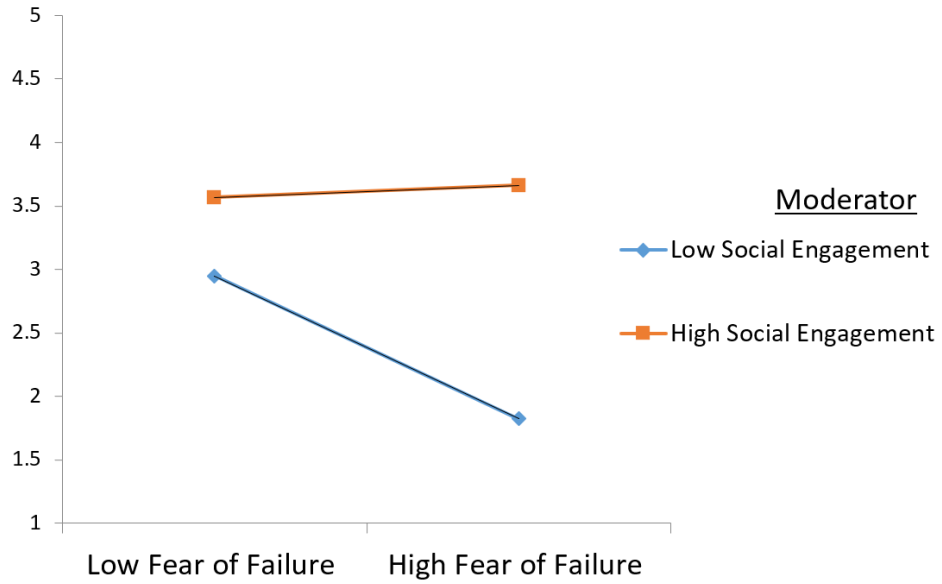


Figure 6. Social engagement as a moderator (Source: Authors' own elaboration, extracted from SPSS)

The findings also indicate that ecosystem failures directly reduce entrepreneurial aspirations. While this is consistent with Fayolle and Gailly (2015), and Liñán and Chen (2009), the present results suggest a more nuanced interpretation in the form of a "disillusionment effect." Students may interpret weak institutional support and limited success visibility as signals that entrepreneurship is not a viable career pathway. Unlike prior research that focuses largely on individual-level predictors, this finding highlights how systemic deficiencies shape aspiration formation by influencing perceived feasibility at a broader level. At the same time, this effect may be context-dependent, as in more mature ecosystems similar constraints may not generate equally strong discouraging responses.

Consistent with prior literature, fear of failure negatively influences entrepreneurial aspirations (Ajzen, 1991; Cacciotti & Hayton, 2014). However, the present findings also contrast with studies such as Cacciotti and Hayton (2015), which suggest that fear can act as a motivator under certain conditions. This divergence can be explained by examining the mechanisms specific to student populations. For students, fear of failure is less likely to reflect calculated risk assessment and more likely to manifest as anticipatory anxiety, driven by uncertainty about outcomes and perceived capability. This is further reinforced by social-evaluative concerns, where failure is associated with reputational consequences among peers and family. Moreover, limited exposure to experiential learning restricts opportunities to develop failure tolerance and recovery confidence, making fear more inhibitive than motivational. These mechanisms suggest that fear operates differently across stages of entrepreneurial development, acting as a barrier in early stages while potentially functioning as a motivator among experienced individuals.

The mediation analysis further confirms that fear of failure functions as a key mechanism linking ecosystem failures to entrepreneurial aspirations. This aligns with prior research (Cope, 2011; Krueger Jr & Brazeal, 1994), but the present study refines this understanding by demonstrating the centrality of this mechanism within a student context. The findings suggest that addressing structural deficiencies alone may not be sufficient, as their impact is filtered through students' psychological interpretations. At the same time, given the cross-sectional design, these relationships should be interpreted with caution, as the direction of influence may be reciprocal.

The moderating role of entrepreneurial perseverance (grit) indicates that individual resilience can buffer the negative effects of fear of failure. Consistent with Duckworth et al. (2007), and Newman et al. (2021), students with higher levels of perseverance maintain stronger entrepreneurial aspirations despite experiencing fear. Beyond confirming prior findings, the results suggest that grit may function as a cognitive reinterpretation resource, enabling individuals to frame fear-inducing situations as part of a longer-term learning process. However, this effect should be interpreted cautiously, as self-reported measures of perseverance may be influenced by optimism or social desirability bias.

Similarly, social engagement moderates the relationship between fear of failure and entrepreneurial aspirations. In line with Klyver and Grant (2010), and Rauch and Frese (2007), social networks provide emotional support, shared learning, and validation, reducing the isolating effects of fear. In the present context, where formal institutional support may be limited, informal social networks appear to play a compensatory role in sustaining entrepreneurial aspirations. This suggests that social engagement may partially substitute for ecosystem deficiencies. However, the study does not differentiate between types of social engagement, and future research could examine whether peer networks, mentorship, or professional networks exert distinct influences.

Overall, while the study integrates ecosystem factors, psychological mechanisms, and moderating resources within a single framework, its contribution is best understood as a contextual and integrative extension of existing research rather than a departure from it. The findings reinforce established relationships while offering deeper insight into how they manifest among students in developing entrepreneurial ecosystems, particularly through the

internalization of environmental constraints and the role of psychological and social buffers.

From a practical perspective, the results suggest that improving entrepreneurial outcomes requires a dual approach: strengthening ecosystem structures while simultaneously addressing psychological barriers and fostering social support systems. However, the relative importance of these interventions may vary depending on ecosystem maturity and the experience level of the target population.

Importantly, these findings also carry implications for sustainable development. Reduced entrepreneurial aspirations due to ecosystem failures may weaken the pipeline of future entrepreneurs, thereby limiting innovation capacity and inclusive economic growth. In contrast, strengthening psychological resilience and social engagement within higher education can enhance students' ability to navigate uncertainty, thereby supporting the development of sustainable entrepreneurial ecosystems. This highlights the role of universities not only as skill providers but also as key actors in advancing sustainability-oriented entrepreneurship.

IMPLICATIONS

Entrepreneurial development among students is increasingly recognized as a key driver of innovation, employment, and economic resilience. Despite ongoing institutional efforts, a gap persists between entrepreneurial orientation and actual engagement. This study examined how failures in the entrepreneurial ecosystem influence entrepreneurial aspirations, with fear of failure as a mediator and perseverance and social engagement as moderators. The findings show that ecosystem failures reduce entrepreneurial aspirations both directly and indirectly through increased fear of failure, while grit and social engagement help buffer these negative effects.

Theoretical and Empirical Contributions

This study contributes to the literature by integrating environmental constraints, psychological mechanisms, and protective resources within a single framework, thereby extending prior research that has largely examined these factors in isolation. The study advances understanding by shifting the focus from entrepreneurial entrepreneurial aspiration to entrepreneurial aspiration, capturing a more long-term and identity-oriented dimension of entrepreneurial motivation. Empirically, the findings provide context-specific evidence from a student sample in a developing ecosystem, highlighting how ecosystem deficiencies are internalized as psychological barriers, particularly at early stages of entrepreneurial development.

Practical Implications

From a practical perspective, the findings suggest that entrepreneurship development requires a balanced approach that combines structural improvements such as mentorship, incubation support, and experiential learning with efforts to build psychological resilience and strengthen social engagement. Educational institutions and policymakers should move beyond skill-based training and incorporate interventions that address fear of failure while fostering supportive peer and mentorship networks. These insights are also relevant for sustainable development, as strengthening entrepreneurial aspirations contributes to innovation, employment generation, and long-term economic resilience, aligning with SDG 4 (Quality Education) and SDG 8 (Decent Work and Economic Growth).

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The findings should be interpreted in light of certain limitations. The cross-sectional design limits causal inference, as relationships may be dynamic or reciprocal over time. The use of a pre-screened student sample may affect representativeness, as individuals with prior entrepreneurial exposure may respond differently from the broader population. Additionally, reliance on self-reported data introduces the possibility of common method bias. Finally, the focus on Karnataka limits the generalizability of the findings to other regional or institutional contexts.

Future research could address these limitations by adopting longitudinal designs to better capture causal relationships and the evolution of entrepreneurial aspirations over time. The use of multi-source or mixed-method approaches would help reduce common method bias and enhance robustness. Comparative studies across different ecosystem contexts would improve generalizability, while further exploration of different forms of social engagement and the transition from entrepreneurial aspiration to entrepreneurial aspiration and behavior would provide deeper insights into the entrepreneurial process.

Moreover, a key limitation of this study arises from the use of a pre-screening criterion that included only students who perceived their institutional entrepreneurial ecosystem as ineffective. While this approach enabled a focused examination of negative ecosystem perceptions, it introduces a potential sampling bias and restricts the representativeness of the sample. As a result, the findings may not be generalized to the broader student population, particularly those with neutral or positive perceptions of entrepreneurial support. Additionally, the strength of the observed relationships may be inflated due to the restricted variance in perceptions. Future research should adopt a more inclusive sampling strategy and treat perceptions of entrepreneurial ecosystem effectiveness as a continuous construct across diverse student groups. Despite the procedural and statistical remedies applied, this study relies on self-reported data collected at a single point in time, which may still be susceptible to common method bias. Although the results of Harman's single-factor test suggest that this issue is not severe, it cannot be entirely ruled out. Future studies may adopt multi-source or longitudinal designs to further mitigate this concern.

Author contributions: CS: conceptualization, methodology, investigation, formal analysis, writing – review & editing; **SP:** conceptualization, methodology, investigation, data curation, formal analysis, visualization, writing – original draft, project administration; **RM:** validation, writing – review & editing,

supervision. All authors have read and agreed to the published version of the manuscript.

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Ethical statement: The authors stated that the study was approved by the scientific review board of Commerce, Yenepoya Institute of Arts, Science, Commerce & Management (YIASCM), Yenepoya (Deemed to be University), Mangaluru on 28/08/2025 (Approval Code: YIASCM/SRB-07/CoM/14/2025). Written informed consents were obtained from the participants.

AI statement: The authors stated that, in the course of drafting this manuscript, the authors used ChatGPT (OpenAI) exclusively for the purposes of editing the text in respect of language issues, grammar correction, and enhancing the text of this manuscript. The authors have checked each and every piece of material that has undergone editing by the AI and are liable for the correctness of the final version of the manuscript.

Declaration of interest: No conflict of interest is declared by the authors.

Data sharing statement: Data supporting the findings and conclusions are available upon request from corresponding author.

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APPENDIX A

Questionnaire

Part 1

Section A: Demographic Information

1. Age
   a) 20-22
   b) 23-25
   c) 26-28
2. Gender
   a) Male
   b) Female
3. Academic Level
   a) Final-year Undergraduate
   b) Final-year Postgraduate
4. Field of Study
   a) Arts
   b) Commerce
   c) Science
   d) Other (Please specify): _____
5. Region
   a) Urban
   b) Semi-urban
   c) Rural
6. Number of internships undertaken
   a) 0
   b) 1
   c) 2-3
   d) 4 or more
7. Exposure to entrepreneurship-based courses/applications in your current curriculum
   a) Yes, I have taken in a entrepreneurship course or attended a training of entrepreneurs.
   b) No, I have never been formally exposed.
   c) I have attended some extracurricular activities or other events related to entrepreneurship.
8. Primary motivation for pursuing entrepreneurship education
   a) To start my own business
   b) To work in a startup
   c) To improve my general business skills
   d) To enhance my career prospects
   e) Other (Please specify): _____
9. Support required to become an entrepreneur
   a) Business planning
   b) Financial management
   c) Marketing and customer acquisition
   d) Networking and partnerships
   e) Leadership and team building
   f) Legal and regulatory knowledge

Part II

Section – A: Fear of Failure

1. Please indicate the extent to which you agree or disagree with the following statements based on below scale (5= Strongly agree, 4= Agree, 3= Neutral, 2= Disagree, 1= Strongly disagree)

Statements		**5**	**4**	**3**	**2**	**1**
Financial Security						
FS1	I fear of losing all my savings due to the business.					
FS2	I worry about spending money.					
FS3	I fear of losing all which I have invested in the business.					
Personal Ability						
PA1	I worry about how to manage the business effectively.					
PA2	I fear unfulfilling all the roles required.					
PA3	I am worried about not managing people well.					
Threat to Social Esteem						
TSE1	I fear losing the trust of important people due to my business.					
TSE2	I feel pressured by others' expectations of me.					
TSE3	I worry about disappointing those close to me.					
Potential of the Idea						
PI1	I worry that there is no market need for my product/service.					
PI2	I fear my business idea isn't valuable.					
PI3	I doubt that people will be interested in my product/service.					
Opportunity Costs						
OC4	I fear that running the business takes time away from family and friends.					
OC5	I worry that the business affects my involvement in other activities.					
Ability to Fund the Venture						
AFV6	I fear not getting enough funding to move forward.					
AFV7	I worry about not financing the business adequately.					
AFV8	I fear not securing the necessary funding for the business					

Section – B: Entrepreneurial Aspirations

2. Please indicate the extent to which you agree or disagree with the following statements based on below scale (5= Strongly agree, 4= Agree, 3= Neutral, 2= Disagree, 1= Strongly disagree).

Statements		**5**	**4**	**3**	**2**	**1**
Identity Aspiration						
IA1	I often think about becoming an entrepreneur.					
IA2	It is important for me to express my entrepreneurial aspirations.					
Risk-Taking						
RT1	I like to take bold actions in uncertain situations.					
RT2	I tend to act boldly when risk is involved.					
Innovativeness						
IV1	I prefer learning in my own unique way rather than following others.					
IV2	I enjoy trying new, unusual activities, even if they are not risky.					
Proactiveness						
PT1	I act in anticipation of future problems or needs.					
PT2	I tend to plan ahead for projects					
Self-Efficacy						
SE1	I am confident in my ability to identify new business opportunities.					
SE2	I am confident in my ability to think creatively.					
Need for Achievement						
NFA1	I enjoy confronting challenges.					
NFA2	I am willing to set and achieve realistic goals.					
NFA3	I seek satisfaction from accomplishing difficult tasks.					
Competitiveness						
CS1	I enjoy working in situations that involve competition with others.					

Section – C: Entrepreneurial Perseverance

3. Please indicate the extent to which you agree or disagree with the following statements based on below scale (5= Strongly agree, 4= Agree, 3= Neutral, 2= Disagree, 1= Strongly disagree).

Statements		**5**	**4**	**3**	**2**	**1**
EP1	I keep pursuing my goals even when challenges arise.					
EP2	I stay committed to my business despite failures.					
EP3	I treat entrepreneurship as a long-term commitment.					
EP4	I don’t give up on my ideas, even when discouraged.					
EP5	I continue my entrepreneurial journey despite barriers.					
EP6	I see starting a business as a response to exclusion from mainstream opportunities.					
EP7	I pursue business to stay employed and support my community.					

Section – D: Failed Entrepreneurial Ecosystems

4. Please indicate the extent to which you agree or disagree with the following statements based on below scale (5= Strongly agree, 4= Agree, 3= Neutral, 2= Disagree, 1= Strongly disagree).

Statements		**5**	**4**	**3**	**2**	**1**
Experiential Learning						
EL1	I have limited access to internships or real-world entrepreneurial projects.					
EL2	I have not been exposed to activities like starting or managing a business.					
EL3	My education lacks real-life examples or simulations of business challenges.					
Curriculum						
CC1	The curriculum fails to meet real-world entrepreneurial needs.					
CC2	It inadequately integrates practical entrepreneurial skills with theoretical knowledge.					
CC3	The curriculum overlooks the concept of failure and resilience in entrepreneurship.					
Incubation Support						
IS1	The incubator lacks the necessary resources and mentorship for my startup's growth.					
IS2	The support provided does not address critical challenges or enable growth.					
IS3	Incubation support fails to foster a sustainable business model or meet market needs.					

Section – E: Social Engagement

5. Please indicate the extent to which you agree or disagree with the following statements based on below scale (5= Strongly agree, 4= Agree, 3= Neutral, 2= Disagree, 1= Strongly disagree).

Statements		**5**	**4**	**3**	**2**	**1**
Social Engagement						
SE1	I participate in conversations and discussions around entrepreneurialism with my contacts.					
SE2	I often share my entrepreneurial challenges and ideas with family, friends, and acquaintance					
SE3	I communicate with entrepreneurs or small business owners to exchange ideas and receive feedback					
SE4	I participate in online communities or social media forums related to entrepreneurialism.					
SE5	I take part in activities and events to collaborate with entrepreneurs.					

6. As a student entrepreneur, what suggestions do you have for improving the campus entrepreneurial ecosystem, specifically in reducing fear of failure, fostering perseverance, and enhancing social engagement?

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Thank you for your time!