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Perceived Entrepreneurial Prestige Signals and Entrepreneurship Outcomes: Evidence from Country–Year Panels

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ABSTRACT

Purpose – This study examines whether status-related social signals are associated with cross-country differences in entrepreneurship, especially when "hard" policies do not translate into youth entry or formal firm creation. Building on Social Cognitive Theory and Institutional Theory, it treats perceived entrepreneurial prestige as two separable signals: societal valuation (SV) and career desirability (CD).

Design/methodology/approach – We compile unbalanced country–year panels from GEM (SV, CD), the OECD (youth self-employment; YSE), and the World Bank (new business density rate; NBDR). The YSE model covers 28 countries (2003–2018; N=257), while the NBDR model covers 45 countries (2006–2018; N=378). We estimate country fixed-effects models with year indicators and country-clustered standard errors, so inference relies on within-country change over time and the estimates are interpreted as associations rather than causal effects.

Results – The two prestige signals do not behave uniformly across outcomes. SV is positively associated with YSE, whereas CD is positively associated with NBDR. The cross-mappings (CD→YSE and SV→NBDR) are not supported. Accordingly, the results point to an outcome-specific pattern rather than a single "prestige increases entrepreneurship" effect.

Discussion – The study clarifies that admiration-based status cues and career-choice attractiveness capture different channels. It also suggests that policy levers should match the targeted margin: role-model salience and status recognition align more with youth entry, while strengthening entrepreneurship as a credible career option aligns more with formal registrations. Because the design is observational and panels are unbalanced, we interpret the estimates as associations and motivate future work on mechanisms and directionality.

1. Introduction

Across many countries, policymakers and ecosystem builders are trying to convert youth talent into new ventures, yet participation often lags despite financing schemes and regulatory reforms. This gap implies that the constraint is not only material but also interpretive: young people weigh whether entrepreneurship is a respected, realistic career path. Accordingly, when entrepreneurship carries low social standing, fewer credible role models are visible and families, educators, and employers may steer talent toward safer options, weakening the pipeline into new firm creation (Madondo & Tinonetsana, 2024). Social Cognitive Theory suggests that perceived status shapes aspirations through role-modeling and self-efficacy (Yao & Lian, 2025), while Institutional Theory implies that shared norms influence how ecosystems mobilize support around entrepreneurship (Bui et al., 2023). Taken together, these perspectives suggest that perceived entrepreneurial prestige may help explain why similar formal policies produce different youth entrepreneurship outcomes across countries.

Prior work shows that entrepreneurial entry is shaped by a mix of "hard" ecosystem conditions and "soft" socio-cultural signals, and the latter often explains why comparable policy packages yield different start-up rates (Bui et al., 2023). Ecosystem research has documented the roles of finance, regulation, and opportunity structures, while also showing that norms, legitimacy, and cultural approval shape whether individuals interpret entrepreneurship as feasible and worthwhile (Bui et al., 2023; Madondo & Tinonetsana, 2024). This implies that status-related mechanisms matter: Social Cognitive Theory links aspirations to vicarious learning from admired role models and perceived attainability, whereas Institutional Theory frames entrepreneurship

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as an institutionally legitimated career that depends on normative support and socially shared meanings (Yao & Lian, 2025). Consistent with this view, empirical cross-country studies repeatedly show that positive societal images of entrepreneurs, perceived legitimacy, and culturally supported entrepreneurship are associated with higher entrepreneurial intentions and higher early-stage activity, with particularly strong relevance for youth who have less experience and thinner networks. Overall, the literature suggests that socio-cultural valuation can connect individual motivation to ecosystem-level dynamism, even when material supports are present.

However, existing studies provide important insights but stop short of clarifying how to capture and empirically test the status-based mechanism in a way that travels across countries and speaks directly to youth entrepreneurship (Madondo & Tinonetsana, 2024). Many studies rely on broad cultural proxies or single-item social approval measures, making it difficult to separate enduring prestige signals from general culture or short-term sentiment (Iqbal et al., 2024; Santos et al., 2017). As a result, a construct gap remains: we still lack a conceptually sharp operationalization that distinguishes (i) admiration for entrepreneurs' societal contribution from (ii) the perceived desirability of entrepreneurship as a respected career option, particularly for youth whose aspirations are more sensitive to status cues and social approval (Golik, 2024). This also leaves fragmented evidence on whether prestige operates mainly through role-modeling and self-beliefs, consistent with a Social Cognitive pathway (Yao & Lian, 2025) or through normative legitimacy that helps ecosystems mobilize support, consistent with an Institutional pathway (Bui et al., 2023), and on whether these mechanisms differ across income contexts. Without a cross-country approach that preserves conceptual specificity while respecting country-year dependence, it remains difficult to explain why youth engagement and ecosystem dynamism diverge under similar formal policy conditions.

Accordingly, this study addresses the gap by asking: How does perceived entrepreneurial prestige shape youth entrepreneurial engagement and broader ecosystem dynamism across countries? Anchored in Social Cognitive Theory (Bandura, 1986), we argue that higher perceived entrepreneurial prestige heightens the salience of successful entrepreneurs as credible role models, strengthening youths' beliefs that entrepreneurship is attainable and socially rewarded—an interpretation consistent with evidence that youth aspirations are particularly sensitive to perceived social signals and role-model visibility (Madondo & Tinonetsana, 2024) and with empirical work linking external perceptions to entrepreneurial self-efficacy (Yao & Lian, 2025). In turn, grounded in Institutional Theory (Scott, 2001), we contend that prestige also functions as a normative signal that legitimizes entrepreneurship as a career, encouraging stakeholders to reinforce complements such as mentoring, financing support, and pro-entrepreneurship policy effort. Consequently, we conceptualize perceived entrepreneurial prestige as a two-dimensional construct—societal valuation and career desirability—that distinguishes admiration for entrepreneurs' societal contribution from the perceived respectability of entrepreneurship as a career path, a distinction suggested but not operationalized in prior work (Golik, 2024). Therefore, we test these arguments by examining how these prestige signals are associated with youth self-employment and new business density in cross-country country–year data.

Consequently, this study contributes in three ways. Theoretically, it clarifies perceived entrepreneurial prestige as a status-based mechanism that links socio-cultural valuation to both individual entry and ecosystem-level dynamism, integrating Social Cognitive and Institutional explanations into a single account. Empirically, it provides cross-country evidence that separates societal valuation and career desirability and evaluates their associations with youth self-employment and new business density in country–year data, while using fixed-effects panel models to net out time-invariant country differences and common year shocks. Managerially, these results imply that ecosystem interventions can complement finance and regulatory reforms by treating prestige as a scalable lever—amplifying credible role models and strengthening the perceived respectability of entrepreneurship as a career—while recognizing that the strength of these levers may vary by income context.

Accordingly, the remainder of the paper proceeds as follows. We first position perceived entrepreneurial prestige within entrepreneurship and ecosystem research and derive hypotheses that distinguish the roles of societal valuation and career desirability for youth self-employment and new business density. We then describe the cross-country country-year dataset, variable construction, and estimation strategy, emphasizing the fixed-effects design used to relate prestige signals to entrepreneurial outcomes within countries over time. Finally, we discuss theoretical implications for status-based mechanisms in entrepreneurship, translate the

findings into actionable guidance for ecosystem stakeholders, and conclude by outlining limitations and directions for future research.

2. Theoretical Framework and Hypothesis Development

2.1. Societal Valuation as a Status Signal

Entrepreneurial entry is not only shaped by resources and rules but also by status signals that indicate which careers a society admires and rewards (Scott, 2001; Weber, 1947). Accordingly, societal valuation (SV)—the share of adults who agree that successful entrepreneurs enjoy high status—captures a public signal of esteem that can elevate entrepreneurship's perceived legitimacy and attractiveness in everyday judgment (Bosma et al., 2018; Urbano et al., 2010), consistent with evidence that social norms and shared images of entrepreneurs shape how entrepreneurship is evaluated as a career option (Santos et al., 2017). This implies that SV should matter most when individuals rely on social cues to evaluate uncertain career paths, making youth self-employment (YSE) a particularly relevant outcome domain (Bandura, 1986; Madondo & Tinonetsana, 2024; Scherer et al., 1989). On this basis, we expect SV to be positively associated with YSE at the country–year level.

H1: Societal valuation is positively associated with youth self-employment (YSE).

2.2. From Societal Valuation to Ecosystem Dynamism

However, youth entry decisions aggregate into ecosystem outcomes only when a sufficient share of individuals is willing to attempt venture creation, enabling a steady flow of new firm registrations. Accordingly, when SV is high, entrepreneurship is more socially celebrated, which can strengthen normative support for entrepreneurial activity and increase the willingness of ecosystem actors to pay attention to, mentor, and back nascent ventures (Bui et al., 2023; Scott, 2001; Yang & Yu, 2022). In this way, SV may extend beyond individual career evaluation and contribute to system-level dynamism by enlarging the pool of people who view entrepreneurial entry as socially worthwhile and worth pursuing, thereby supporting new business formation (Santos et al., 2017; Van Stel et al., 2005; Stoica et al., 2020). Therefore, we expect SV to be positively associated with new business density in the same country–year.

H2: Societal valuation is positively associated with new business density rate (NBDR).

2.3. Career Desirability as a Career-Status Signal

Consequently, status admiration is only one part of the career-choice calculus, because individuals may admire entrepreneurs while still perceiving entrepreneurship as an unattractive or unrealistic career (Golik, 2024). Accordingly, career desirability (CD)—the share of adults who consider starting a business a desirable career—captures a more proximate evaluation of entrepreneurship as a respected and rewarding occupational option, which prior intention-based work links to stronger entrepreneurial motivation and entry propensity (Liñán et al., 2011; Saeed et al., 2014; Zampetakis, 2008). Whereas SV reflects how entrepreneurs are valued socially, CD captures whether entrepreneurship itself is seen as a desirable occupational path. This implies that CD should be especially relevant for youth engagement because it speaks directly to the attractiveness of entrepreneurship at the career-choice margin (Madondo & Tinonetsana, 2024). Therefore, we expect CD to be positively associated with YSE at the country–year level.

H3: Career desirability is positively associated with youth self-employment (YSE).

2.4. From Career Desirability to New Firm Creation

In turn, when entrepreneurship is widely viewed as a desirable career, more individuals are likely to transition from interest to action, increasing the number of new ventures entering the formal economy. Accordingly, a higher CD can expand the pipeline of founders and raise the baseline rate of start-up attempts, consistent with ecosystem accounts in which socially endorsed entrepreneurship supports sustained business creation (Santos et al., 2017; Stoica et al., 2020; Urbano et al., 2010). Accordingly, CD should be linked not only to entrepreneurial interest at the individual level but also to the aggregate pace of formal new firm creation captured by NBDR (Golik, 2024; Van Stel et al., 2005). Therefore, we expect CD to be positively associated with NBDR at the country–year level.

H4: Career desirability is positively associated with new business density rate (NBDR).

2.5. Conceptual Boundaries and Construct Positioning of Perceived Entrepreneurial Prestige

Finally, SV and CD are often used as widely recognized GEM indicators, which can raise the question of whether perceived entrepreneurial prestige is merely a relabeling of familiar measures (Santos et al., 2017). Accordingly, our contribution is not to claim novelty in the survey items themselves, but to specify how two distinct status-related signals map onto youth entry (YSE) and ecosystem dynamism (NBDR) through Social Cognitive and Institutional mechanisms (Bandura, 1986; Scott, 2001; Suchman, 1995). This implies that the hypotheses above are designed to differentiate pathways rather than to validate a latent measurement model, keeping the conceptual claim aligned with observable indicators. In this sense, SV and CD may partly co-move as elements of the same socio-cultural climate, yet they remain analytically separable because they capture different evaluative margins: societal admiration for entrepreneurs versus the perceived desirability of entrepreneurship as a career. Therefore, the framework advances a mechanism-forward account in which SV and CD operate as separable prestige signals with distinct links to entrepreneurial outcomes.

3. Data and Methodology

3.1. Sample and Data Sources

This study compiles an unbalanced country–year panel from three established sources: the Global Entrepreneurship Monitor (GEM) Adult Population Survey for prestige signals, the OECD for youth self-employment, and the World Bank for new business density. Accordingly, the unit of analysis is the country–year, which allows us to examine how status-related perceptions and entrepreneurial outcomes co-vary within countries over time. This implies that the design is not a pooled cross-section that treats observations as independent; instead, it leverages within-country variation while accounting for time-invariant country characteristics.

The outcome variables come from two complementary systems that capture different stages of entrepreneurial activity. Accordingly, youth self-employment (YSE) reflects youth entry into self-employment among those aged 20–29, whereas new business density rate (NBDR) captures formal new firm formation per 1,000 working-age people aged 15–64. This implies that the analysis can speak to both micro-level youth engagement and macro-level ecosystem dynamism, consistent with the theoretical framework developed in Section 2.

Country and year coverage varies by outcome due to source availability and the intersection of variables required for each model. Accordingly, the NBDR dataset covers 45 countries from 2006 to 2018 (378 country–year observations). In contrast, the YSE models are estimated on 28 countries from 2003 to 2018 (257 country–year observations), reflecting the set of country–years with complete data for YSE, SV, CD, controls, and year identifiers. This implies an unbalanced panel structure, and we retain country–year observations only when all variables required for a given model are available, ensuring that estimates are not driven by ad hoc imputation choices.

3.2. Measurement of Variables

All variables are drawn from publicly available datasets with established cross-national documentation. Accordingly, the dependent variables are defined as follows. YSE is the proportion of self-employed individuals aged 20–29 within the total employed population of the same age group, sourced from the OECD. NBDR is the number of newly registered corporations per 1,000 working-age individuals (ages 15–64), sourced from the World Bank. This implies that the two outcomes capture distinct but related entrepreneurial margins—entry into self-employment and formal business creation.

The key independent variables are two GEM APS indicators that represent prestige-related social signals. Accordingly, societal valuation (SV) is the percentage of adults aged 18–64 who agree that successful entrepreneurs enjoy high status in their country, and career desirability (CD) is the percentage of adults aged 18–64 who consider starting a business a desirable career choice (both from GEM APS). This implies that the empirical tests focus on the separable effects of SV and CD, rather than on a latent measurement model, aligning the conceptual claim with observable indicators as argued in Section 2.

Because SV/CD and the entrepreneurial outcomes are observed at the country–year level, the baseline models relate prestige signals and outcomes measured in the same year. Accordingly, coefficients are interpreted as associations between status-related perceptions and entrepreneurial activity within country–years, consistent with the study's mechanism-based theorizing while avoiding overstatement of causal identification.

Finally, we include income level as a control variable coded as 1 for high-GDP countries and 0 otherwise, to account for systematic cross-country differences in development that may covary with both prestige signals and entrepreneurial outcomes. Because fixed-effects models absorb time-invariant country characteristics, this variable contributes only where country-year income classification changes over time rather than remaining constant within a country. Accordingly, this control is not used to define moderation hypotheses in the main theory section; instead, it serves to reduce omitted-variable bias in the baseline associations where such within-country variation is present.

3.3. Empirical Strategy and Identification Logic

Because the dataset is organized as repeated observations for the same countries over time, treating country–year records as independent would conflate within-country change with stable cross-country differences. Accordingly, we estimate panel models that exploit within-country variation while accounting for unobserved, time-invariant country characteristics that may jointly shape prestige signals and entrepreneurial outcomes (e.g., deep cultural norms or institutional baselines). This implies that the empirical strategy aligns with the study's cross-country mechanism claims without relying on cross-sectional independence assumptions.

However, the mechanisms proposed in Section 2 plausibly operate within the same year because societal valuation and career desirability reflect the contemporaneous normative climate and career attractiveness that shape entry decisions and new firm registrations. Accordingly, the baseline models relate SV and CD measured in year t to YSE and NBDR measured in the same year t, and we interpret coefficients as associations that are consistent with the theorized status-based pathways rather than as causal effects. At the same time, this same-year specification does not eliminate the possibility of reverse directionality or shared contemporaneous shocks affecting both prestige signals and entrepreneurial outcomes. This implies a conservative identification stance that preserves the study's mechanism logic while avoiding claims that exceed what observational country–year data can warrant.

Income level is included only as a time-varying control where relevant within-country changes are observed, so its role is supplementary rather than central to identification. This implies that the focal coefficients on societal valuation and career desirability are interpreted as associations net of broad development contrasts, while keeping the main theory focused on SV and CD rather than on contextual moderation.

Given the cross-country setting, unobserved country characteristics may correlate with prestige signals. We therefore assessed the random-effects assumption using a correlated random-effects (Mundlak, 1978) specification that adds country means of SV and CD. The joint test of these country means rejects the random-effects orthogonality assumption in both samples (YSE: $\chi^2(2)=10.53$, $p=0.0052$; NBDR: $\chi^2(2)=6.43$, $p=0.0402$); accordingly, we rely on fixed-effects models with year indicators and standard errors clustered at the country level. Taken together, this evidence supports a fixed-effects specification; we next present the outcome-specific models and hypothesis tests.

3.4. Model Specifications and Outcome-Specific Estimation

Because the study evaluates two distinct entrepreneurial outcomes—youth entry and system-level firm creation—separate outcome models allow the same predictors to be mapped onto different margins of entrepreneurship. Accordingly, we estimate two country–year fixed-effects panel regressions in which time-invariant country heterogeneity is absorbed through country fixed effects and common global shocks are absorbed through year fixed effects. This implies that the estimated associations are identified from within-country variation over time, net of stable cross-country differences.

Model 1 (YSE): Youth self-employment

$$YSE_{i,t} = \alpha_1 + \beta_1 SV_{i,t} + \beta_2 CD_{i,t} + \gamma\, Income_{i,t} + \mu_i + \lambda_t + \varepsilon_{i,t}$$

Here, $YSE_{i,t}$is youth self-employment in country $i$and year t(OECD), $SV_{i,t}$is societal valuation (GEM APS), $CD_{i,t}$is career desirability (GEM APS), and $Income_{i,t}$is the high-GDP dummy control. Accordingly, $\mu_i$captures country fixed effects and $\lambda_t$captures year fixed effects, implemented by including a full set of country and year indicator variables derived from the dataset identifiers. This implies that $\beta_1$and $\beta_2$summarize how within-country changes in SV and CD are associated with within-country changes in YSE in the same year.

H1 is supported if $\beta_1 > 0$and is statistically significant (e.g., $p < .05$), indicating that higher $SV_{i,t}$is associated with higher $YSE_{i,t}$net of fixed effects and controls.

H3 is supported if $\beta_2 > 0$and is statistically significant (e.g., $p < .05$), indicating that higher $CD_{i,t}$is associated with higher $YSE_{i,t}$net of fixed effects and controls.

Model 2 (NBDR): New business density

$$NBDR_{i,t} = \alpha_2 + \delta_1 SV_{i,t} + \delta_2 CD_{i,t} + \phi\, Income_{i,t} + \mu_i + \lambda_t + u_{i,t}$$

Here, $NBDR_{i,t}$is new business density in country $i$and year t(World Bank). The same fixed-effects structure is retained so that differences across outcomes reflect differences in the entrepreneurial margin rather than differences in modeling logic. This implies that $\delta_1$and $\delta_2$capture how within-country changes in prestige signals are associated with within-country changes in formal new firm creation in the same year.

H2 is supported if $\delta_1 > 0$and is statistically significant (e.g., $p < .05$), indicating that higher $SV_{i,t}$is associated with higher $NBDR_{i,t}$net of fixed effects and controls.

H4 is supported if $\delta_2 > 0$and is statistically significant (e.g., $p < .05$), indicating that higher $CD_{i,t}$is associated with higher $NBDR_{i,t}$net of fixed effects and controls.

Consequently, the baseline estimates characterize contemporaneous associations between prestige-related social signals and entrepreneurial outcomes within country–years, while the fixed-effects structure mitigates confounding from time-invariant country characteristics and common year shocks. Accordingly, the results are interpreted as evidence on whether shifts in societal valuation and career desirability coincide with shifts in youth self-employment and new business density within the same national context and year.

4. Results

4.1. Correlations and Descriptives

Because our hypotheses link country-level prestige signals to entrepreneurial outcomes in a country–year setting, readers need to see whether the variables exhibit sufficient dispersion and whether their basic co-movement is consistent with the theorized direction before fixed-effects estimates are interpreted. Accordingly, we report descriptive statistics and correlations separately for the two estimation samples, because YSE and NBDR are available for different sets of countries and years.

Model 1 sample (DV: youth self-employment, YSE).

Descriptive statistics. As seen in Table 1a, youth self-employment (YSE) varies substantially across the sample (Mean = 14.446, SD = 5.704, Min = 5.566, Max = 33.706), which implies that there is meaningful outcome dispersion for the explanatory variables to potentially account for. Accordingly, both prestige signals also show wide distributions (SV: Mean = 70.482, SD = 10.334; CD: Mean = 59.182, SD = 11.542), indicating that countries differ markedly in the social standing attached to entrepreneurs and in the perceived attractiveness of entrepreneurship as a career. This implies that the analysis is not driven by a narrow band of prestige values, which, in turn, supports the feasibility of testing status-signal associations in a cross-country panel. The panel decomposition also supports the identification logic: although between-country differences are sizable, there is also non-trivial within-country variation over time (within SDs: SV = 5.006; CD = 5.113; YSE = 1.203), which justifies fixed-effects estimation based on within-country change rather than stable cross-country differences.

Table 1a. Descriptive Statistics (YSE sample)

Variable	N	Mean	SD	Min	P25	Median	P75	Max
Youth self-employment (YSE)	257	14.446	5.704	5.566	9.966	12.754	19.123	33.706
Societal valuation (SV)	257	70.482	10.334	44.230	64.440	71.370	76.710	97.890
Career desirability (CD)	257	59.182	11.542	24.270	51.780	56.300	65.630	89.040

Notes: Model 1 estimation sample. Countries (groups) = 28; average years per country (T-bar) = 9.18.

Correlations. Because pooled correlations can conflate within-country dynamics with stable cross-country differences, we report both pooled Pearson correlations and within-country (demeaned) correlations for the YSE sample (as seen in Table 1b). Accordingly, the pooled matrix shows that career desirability is positively correlated with youth self-employment ($r = 0.329$, $p < 0.001$), whereas societal valuation has essentially no bivariate relationship with YSE ($r = 0.018$, $p = 0.772$), which implies that cross-country differences in perceived career attractiveness track cross-country differences in youth self-employment more strongly than admiration alone. However, once we isolate within-country variation over time, the correlations between YSE and both prestige signals become small and statistically indistinguishable from zero (SV_w: $r = 0.058$, $p = 0.354$; CD_w: $r = 0.019$, $p = 0.763$), which implies that the pooled CD–YSE association is largely driven by between-country differences rather than within-country shifts. This pooled-versus-within contrast provides a direct rationale for the fixed-effects strategy in Section 4.2.

Table 1b. Correlations (YSE sample)

Panel A. Pooled Pearson correlations			
	(1) YSE	(2) SV	(3) CD
(1) Youth self-employment (YSE)	1.000		
(2) Societal valuation (SV)	0.018 (p=0.772)	1.000	
(3) Career desirability (CD)	0.329 (p<0.001)	0.118 (p=0.059)	1.000
Panel B. Within-country (demeaned) correlations			
	(1) YSE	(2) SV_w	(3) CD_w
(1) Youth self-employment (YSE)	1.000		
(2) SV within (SV_w)	0.058 (p=0.354)	1.000	
(3) CD within (CD_w)	0.019 (p=0.763)	0.308 (p<0.001)	1.000

Model 2 sample (DV: New business density rate, NBDR).

Descriptive statistics. As seen in Table 2a, NBDR displays substantial dispersion across country–years (Mean = 4.679, SD = 4.222, Min = 0.040, Max = 21.810), which implies meaningful variation in formal new firm creation that the prestige signals can plausibly relate to. Accordingly, the two prestige indicators again show wide distributions (SV: Mean = 68.136, SD = 10.427; CD: Mean = 61.034, SD = 11.650), indicating that countries differ markedly in the public status attached to entrepreneurs and in the perceived desirability of entrepreneurship as a career. This implies that the empirical setting offers adequate spread in the key predictors, which, in turn, supports hypothesis testing at the ecosystem-outcome margin. The panel decomposition again suggests that identification is not purely cross-sectional: within-country variation over time is non-trivial for both prestige signals (within SDs: SV = 5.423; CD = 4.898), and NBDR also varies within countries (within SD = 1.149), reinforcing the logic of fixed-effects estimation in Section 4.2.

Table 2a. Descriptive Statistics (NBDR sample)

Variable	N	Mean	SD	Min	P25	Median	P75	Max
New business density rate (NBDR)	378	4.679	4.222	0.040	1.520	3.725	6.130	21.810
Societal valuation (SV)	378	68.136	10.427	31.470	62.340	69.375	75.230	92.260
Career desirability (CD)	378	61.034	11.650	25.350	53.690	62.235	68.830	89.040

Notes: Model 2 estimation sample. Countries (groups) = 45; average years per country (T-bar) = 8.40.

Correlations. Because bivariate patterns may mix stable cross-country differences with within-country movement, we report pooled Pearson correlations and within-country (demeaned) correlations for the NBDR sample (as seen in Table 2b). Accordingly, the pooled matrix indicates that NBDR is positively correlated with SV ($r = 0.118$, $p = 0.022$), while it is weakly negatively correlated with CD ($r = -0.105$, $p = 0.042$), which implies that cross-country level differences in admiration and perceived career attractiveness do not move in the same direction with formal new firm formation. However, when we isolate within-country variation over time, the association between NBDR and SV becomes essentially zero (SV_w: $r = 0.005$, $p = 0.920$), whereas the within-country association between NBDR and CD becomes weakly positive and only marginally significant (CD_w: $r = 0.089$, $p = 0.083$). This pattern suggests that the pooled SV–NBDR correlation is primarily between-country,

whereas within-country co-movement is more visible for CD than for SV, further motivating the fixed-effects estimates in Section 4.2.

Table 2b. Correlations (NBDR sample)

Panel A. Pooled Pearson correlations			
	(1) NBDR	(2) SV	(3) CD
(1) New business density rate (NBDR)	1.000		
(2) Societal valuation (SV)	0.118 (p = 0.022)	1.000	
(3) Career desirability (CD)	−0.105 (p = 0.042)	0.077 (p = 0.136)	1.000
Panel B. Within-country (demeaned) correlations			
	(1) NBDR	(2) SV_w	(3) CD_w
(1) New business density rate (NBDR)	1.000		
(2) SV within (SV_w)	0.005 (p = 0.920)	1.000	
(3) CD within (CD_w)	0.089 (p = 0.083)	0.333 (p < 0.001)	1.000

Overall, Tables 1a–2b show that both entrepreneurial outcomes and both prestige signals display meaningful dispersion across country–years, while the within-country correlations are weaker and differ from the pooled patterns. This supports the use of fixed-effects models that identify associations from within-country change rather than cross-sectional contrasts.

4.2. Hypotheses Testing

Because the country–year data are repeated observations for the same countries, inference must account for within-country dependence and non-constant error variance. Accordingly, we first diagnosed the error structure using standard panel diagnostics: the Wooldridge test indicates first-order serial correlation in the NBDR sample ($F(1,42)=42.27$, $p<0.001$) but not in the YSE sample ($F(1,23)=2.86$, $p=0.1045$), while the modified Wald test rejects homoskedasticity in both samples (YSE: $\chi^2(28)=18{,}288.95$, $p<0.001$; NBDR: $\chi^2(45)=835{,}162.32$, $p<0.001$). This implies that conventional fixed-effects standard errors would be unreliable, and robust inference requires a variance estimator that is valid under heteroskedasticity and within-country correlation. Consequently, we report fixed-effects models with year indicators and standard errors clustered at the country level, which is consistent with the data structure and preserves the hypothesis-testing logic.

Given the cross-country setting, unobserved country characteristics may correlate with prestige signals, which would violate the random-effects orthogonality condition. Accordingly, we assessed the random-effects assumption using a correlated random-effects (Mundlak) specification that adds country means of SV and CD, and the joint test rejects orthogonality in both samples (YSE: $\chi^2(2)=10.53$, $p=0.0052$; NBDR: $\chi^2(2)=6.43$, $p=0.0402$). This implies that fixed effects are the appropriate baseline estimator for hypothesis testing, because coefficients are identified from within-country change over time net of time-invariant country traits.

Model 1: Youth self-employment (YSE)

Because H1 and H3 predict that prestige-related signals are associated with youth entry, we estimate the YSE fixed-effects model with SV and CD as focal predictors and year fixed effects (Table 3). Accordingly, societal valuation (SV) is positive and statistically significant ($\beta=0.0931$, $SE=0.0290$, $t=3.21$, $p=0.003$), which implies support for H1 in the within-country specification. Consequently, the point estimate indicates that within a country, higher societal valuation in a given year is associated with higher youth self-employment in that same year, net of common time shocks.

However, career desirability (CD) is negative and not statistically significant in the clustered fixed-effects model ($\beta=-0.0290$, $SE=0.0280$, $t=-1.04$, $p=0.309$), which implies that H3 is not supported in the baseline YSE specification. Therefore, the youth outcome model provides coefficient-based support for H1 but not for H3 (Table 5).

Table 3. Fixed-effects Estimates (DV: Youth self-employment, YSE)

Variables	**β**	**SE (clustered)**	**t**	**p**
Societal valuation (SV)	0.0931***	0.0290	3.21	0.003
Career desirability (CD)	−0.0290	0.0280	−1.04	0.309

High-GDP (income control)	omitted	—	—	—
Within R^2	0.2176			
F (17, 27)	16.33	0.0000		

Notes: Model summary: N = 257; Countries (groups) = 28. Specification: Country fixed effects = Yes; Year fixed effects = Yes; SEs clustered by country = Yes.
*** p < .01, ** p < .05, * p < .10.*

Robustness (lagged predictors; "previous observation" caveat). Because the panel is unbalanced, the lagged specification should be interpreted as using the previously available observation rather than strictly t−1 for some country–years; accordingly, we treat it as a sensitivity check rather than the core test. In this check, L1_SV remains positive and significant (β=0.0657, p=0.025), whereas L1_CD remains non-significant (β=−0.0051, p=0.864), which implies that the qualitative pattern for YSE is broadly consistent with the baseline. These lagged results are therefore interpreted cautiously and used only to assess directional stability.

Model 2: New business density rate (NBDR)

Because H2 and H4 link prestige signals to ecosystem dynamism, we next estimate the NBDR fixed-effects model with clustered standard errors and year fixed effects (Table 4). Accordingly, career desirability (CD) is positive and statistically significant (β=0.0709, SE=0.0195, t=3.64, p=0.001), which implies support for H4. Consequently, within a country, years in which entrepreneurship is viewed as a more desirable career coincide with higher new business density, net of time-invariant country traits and common year shocks.

However, societal valuation (SV) is not statistically significant for NBDR (β=−0.0059, SE=0.0171, t=−0.35, p=0.730), which implies that H2 is not supported in the baseline ecosystem model. Therefore, the NBDR results support H4 but not H2, indicating that the two prestige-related signals map differently onto youth entry versus formal business creation within countries (Table 5).

Table 4. Fixed-effects Estimates (DV: New business density rate, NBDR)

Variables	β	SE (clustered)	t	p
Societal valuation (SV)	−0.0059	0.0171	−0.35	0.730
Career desirability (CD)	0.0709***	0.0195	3.64	0.001
High-GDP (income control)	−0.4902	0.3520	−1.39	0.171
Within R^2	0.2367			
F(15, 44)	2.35	0.0142		

Notes: Model summary: N = 378; Countries (groups) = 45. Specification: Country fixed effects = Yes; Year fixed effects = Yes; SEs clustered by country = Yes.
*** p < .01, ** p < .05, * p < .10.*

Robustness (lagged predictors; "previous observation" caveat). As an additional sensitivity check, we also estimate a lagged-predictor model. Because the panel is unbalanced, this lag should be interpreted as the previously available observation rather than a strictly consecutive t−1 observation for all country–years. In this specification, L1_CD remains positive but is not statistically significant under clustered fixed effects (β=0.0409, p=0.129), while it is statistically significant under Driscoll–Kraay standard errors (β=0.0409, p=0.047). By contrast, L1_SV remains non-significant (β=0.0092, p=0.679). These results suggest that the CD–NBDR association is directionally stable under lagging, whereas SV does not show a robust lagged association with NBDR. Accordingly, the same-year fixed-effects estimates remain the main basis for hypothesis evaluation, and the lagged specification is interpreted only as a robustness check.

Summary of hypothesis tests

Accordingly, Table 5 consolidates the hypothesis tests into a single decision map and shows a clean split across outcomes: societal valuation (SV) is the only prestige signal that aligns with youth self-employment (supporting H1), whereas career desirability (CD) is the only signal that aligns with new business density (supporting H4). Consequently, the "cross-mappings" do not appear in the data—CD does not predict YSE and SV does not predict NBDR—so the results do not simply confirm a generic "prestige increases entrepreneurship" claim. Therefore, the evidence supports the view that SV and CD operate as empirically

separable status-related signals whose associations align with different entrepreneurial margins, providing a sharper interpretation than treating perceived entrepreneurial prestige as a single undifferentiated driver.

Table 5. Summary of Hypothesis Tests

Hypothesis	Outcome	Key regressor	Expected sign	Coefficient	p-value	Decision
H1: SV is positively associated with YSE	YSE	SV	+	0.0931	0.003	Supported
H3: CD is positively associated with YSE	YSE	CD	+	-0.0290	0.309	Not supported
H2: SV is positively associated with NBDR	NBDR	SV	+	-0.0059	0.730	Not supported
H4: CD is positively associated with NBDR	NBDR	CD	+	0.0709	0.001	Supported

5. Conclusion and Discussion

This study set out to clarify whether status-related social signals help explain cross-country variation in entrepreneurship, particularly when "hard" policies and resources do not translate into youth entry or broader firm creation. Accordingly, we operationalized perceived entrepreneurial prestige using two widely documented GEM APS indicators—societal valuation (SV) and career desirability (CD)—and linked them to two distinct entrepreneurial margins (youth self-employment, YSE; new business density rate, NBDR), because theory implies that admiration-based status recognition and career-choice attractiveness need not operate through the same pathway (Bandura, 1986; Scott, 2001).

Because cross-country comparisons can be dominated by stable national differences, we relied on country fixed effects and year indicators to identify associations from within-country change over time rather than from time-invariant country traits. Consequently, the results do not support a single, uniform "prestige increases entrepreneurship" story; instead, they do what the framework promised by separating SV and CD empirically and showing that each aligns with a different outcome margin. Taken together, these results suggest that perceived entrepreneurial prestige is best treated as a mechanism map built from separable signals rather than as a latent construct to be validated through item aggregation (Bosma et al., 2018; Suchman, 1995).

Accordingly, the youth-entry results indicate that SV is the prestige signal most clearly associated with YSE: within a country, years with higher societal valuation of entrepreneurs are associated with higher youth self-employment, whereas CD is not statistically linked to YSE once fixed effects and year shocks are accounted for. This pattern is consistent with a Social Cognitive interpretation in which visible esteem and role-model salience shape aspirations under uncertainty. By contrast, general career desirability may absorb broader labor-market and opportunity-structure considerations that do not translate cleanly into youth self-employment (Bandura, 1986; Madondo & Tinonetsana, 2024; Scherer et al., 1989; Yao & Lian, 2025). Consequently, the analysis strengthens the claim that SV captures a public legitimacy cue that is behaviorally relevant at the youth entry margin, even when simple pooled correlations obscure that relationship.

In turn, the ecosystem-dynamism results indicate the opposite mapping: CD is the prestige signal for NBDR, while SV is not detectably associated with new business density within countries once fixed effects and common shocks are controlled. This implies that formal new business formation is more tightly connected to the perceived attractiveness of entrepreneurship as an occupational choice than to admiration alone, which fits an Institutional interpretation in which CD captures a more actionable pro-entrepreneurship orientation that can translate into higher entry attempts and registrations at the system level (Bui et al., 2023; Scott, 2001; Van Stel et al., 2005; Stoica et al., 2020; Urbano et al., 2010). At the same time, this result should be interpreted cautiously: the evidence supports a within-country association between CD and registrations, but it does not justify a blanket claim that "prestige develops ecosystems" in a comprehensive sense.

Therefore, the paper's main contribution is not novelty in the underlying survey items but conceptual discipline in how familiar indicators are interpreted and tested. Accordingly, the asymmetric pattern (SV→YSE supported; CD→NBDR supported; cross-mappings not supported) strengthens construct

positioning: SV behaves like a generalized status-admiration signal that aligns with youth entry, whereas CD behaves like a career-choice signal that aligns with formal business creation. This implies that the "prestige" label is meaningful only if it remains plural—i.e., a set of separable status-related signals with outcome-specific relevance—rather than a single composite expected to move all entrepreneurial outcomes in the same direction (Bandura, 1986; Liñán et al., 2011; Saeed et al., 2014; Scott, 2001; Suchman, 1995).

Because the analysis is observational and the panel is unbalanced, we treat the estimates as associations rather than as definitive causal effects, even though fixed effects reduce bias from time-invariant country characteristics. Accordingly, our diagnostics indicate heteroskedasticity in both panels and first-order autocorrelation in the NBDR panel, which reinforces the decision to use robust inference (country-clustered standard errors) and motivates careful language around directionality. The results are therefore best read as evidence that the theorized signal–response logic is visible in within-country variation, while still leaving open contemporaneous feedback—most notably the possibility that changes in business creation influence perceived desirability in the same period.

This implies a focused future research agenda that follows directly from what the models can and cannot settle. Accordingly, one next step is to test whether SV and CD influence outcomes indirectly through concrete intermediating channels that connect social signals to entrepreneurial action. These channels can be organized more clearly into at least four groups: institutional channels (e.g., institutional quality and regulatory burden), resource channels (e.g., access to finance), visibility channels (e.g., media salience and public role-model exposure), and support-infrastructure channels (e.g., mentoring systems and the density of support organizations). Specifying and estimating these mediation pathways would help address the remaining gap that the current design cannot close: whether prestige signals affect outcomes primarily by reshaping the opportunity structure entrepreneurs face rather than by acting directly on entry decisions. Consequently, stronger identification could come from designs that introduce sharper exogenous variation in prestige signals—such as policy-driven visibility shocks, media-salience events, or staggered reforms—so that temporal ordering is not only assumed by theory but partially granted by research design.

Consequently, the practical takeaway is not "raise prestige" in the abstract but "match the prestige lever to the entrepreneurial margin you aim to move." If the policy goal is youth entry, the most defensible implication is to strengthen the social standing and visibility of entrepreneurs through credible role models and recognition mechanisms, because SV is the signal that tracks YSE within countries. If the goal is broader firm creation, the evidence is more consistent with interventions that strengthen entrepreneurship as a viable career option by reducing administrative friction, clarifying pathways from intent to registration, and aligning support with career credibility, because CD is the signal that tracks NBDR in the data. However, to avoid anecdotal policy claims, these interventions should be framed as testable hypotheses for ecosystem design rather than as proven "success stories," with explicit evaluation steps that check whether they measurably shift SV and/or CD and whether those shifts are followed by changes in YSE or NBDR.

Accordingly, the study closes one gap by showing that status-related signals are not interchangeable and that they align with different entrepreneurial margins, while leaving a second gap open: pinning down when these signals lead outcomes rather than merely co-move within the same country-year. The paper's value, therefore, is to offer a sharper and more testable mechanism map for perceived entrepreneurial prestige—one that is consistent with theory, disciplined in its claims, and extendable through mediation tests and stronger identification strategies.

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