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The Role of Youth Entrepreneurship in Promoting Labor Utilization and Local Economic Development in Palestine

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The Role of Youth Entrepreneurship in Promoting Competitiveness and Local Economic Development in Palestine

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Dedication

This work is wholeheartedly dedicated to the people who have shaped my journey and stood beside me with unwavering love and support.

First and foremost, to my beloved parents, whose endless sacrifices, guidance, and unconditional love have been the foundation of everything I have achieved. Their encouragement gave me the strength to pursue my dreams, and their wisdom inspired me to keep striving, even when the road seemed uncertain. Every step of this journey is a reflection of their prayers, patience, and faith in me.

To my family, who continuously believed in my potential and reminded me that perseverance always leads to growth. Their encouragement has been a constant source of motivation and comfort throughout the challenges of this academic path.

To my friends, who have been my companions in both joy and difficulty, thank you for your encouragement, understanding, and support. Your presence made the burdens lighter and the achievements more meaningful.

This thesis is also dedicated to every young person who dares to dream, to innovate, and to create a better future. May this work serve as a reminder that determination and resilience can turn challenges into opportunities and pave the way for change.

Lastly, I dedicate this achievement to myself—for the long nights of hard work, for the persistence when the journey felt overwhelming, and for never giving up on the vision of completing this path.

Qaiss Mohsen

Declaration

I certify that this thesis submitted for the master degree is the result of my own work in design and research, except where otherwise acknowledged, and this study or any part of the thesis has not been submitted for a higher degree to any other universities or institutions.

Name: Qaiss Jamal Shehadeh Mohsen

Signed:

Date: 02/08/2025

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To my parents, I owe everything. Their unconditional love, prayers, and unwavering belief in my abilities have been my greatest source of strength and motivation. Without their sacrifices and encouragement, this achievement would not have been possible.

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Abstract

This thesis explores the role of youth entrepreneurship in enhancing competitiveness and promoting local economic development in Palestine, a topic of great importance given the complex economic and social conditions of Palestinian society. The study is based on the premise that youth represent the most dynamic and capable group for driving change, and that investing in their entrepreneurial potential can directly address challenges such as unemployment and poverty while fostering economic growth.

The research employed a methodology that combined theoretical analysis with fieldwork. It reviewed relevant literature on entrepreneurship and analyzed the experiences of young Palestinian entrepreneurs through surveys and interviews. The aim was to identify the current state of youth entrepreneurship in Palestine, the obstacles hindering its development, and the opportunities available to expand it.

The findings reveal that youth entrepreneurship significantly contributes to stimulating the local economy by creating small and medium-sized enterprises that generate employment opportunities and improve income levels within local communities. These initiatives also enhance competitiveness by introducing innovative ideas, developing new products and services, and in some cases, expanding into regional and international markets. However, the study also identified several challenges, most notably limited access to finance, weak supporting infrastructure for entrepreneurial projects, and the lack of effective government policies to encourage youth-led ventures.

The thesis concludes that strengthening youth entrepreneurship requires joint efforts from the public and private sectors, as well as from civil society institutions and universities, to provide an enabling and supportive environment. It recommends the development of specialized training programs to build entrepreneurial capacities, facilitating access to financing, and promoting an entrepreneurial culture among youth as a tool for economic and social development.

Ultimately, the study emphasizes that empowering Palestinian youth to pursue entrepreneurship is not only an economic necessity but also a strategic choice to ensure stability, enhance national competitiveness, and build a more sustainable and equitable future for Palestinian society.

Keywords: Entrepreneurship, Labor Utilization, Local Economic Development.

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Introduction

1.1 Prelude

The recognition of young entrepreneurship is constantly evolving as a salient driver of innovation and economic development, especially for younger populations in developing and emerging economies suffering from skyrocketing youth unemployment (Smith & Jones, 2020). Supporting youth entrepreneurial activities within a globalized economy for a country such as Palestine may enhance competitiveness and drive recovery in key sectors of the economy. Encouraging youth entrepreneurship results in job creation, stimulates innovation, enhances local economies, and strengthens market performance. Youth entrepreneurship has emerged as a topic of discussion in politics, policymaking, and scholarly work around the world because countries are focusing on the UN 2030 agenda which supports sustainable development that seeks economic growth and employment opportunities for the youth (United Nations, 2015).

Due to their importance in driving civic innovation and economic growth, many policy makers and governments consider youth a matter of critical concern investment category (OECD, 2020). With so many young people slowly underestimating their potential and waiting for clear direction on how to use it, the young entrepreneurs who actively contribute to building the nation's economy, have for long been supported by an entrepreneurial attitude among many ecosystems.

Considering this, the research examines how young entrepreneurship in Palestine has the potential to foster economic development and competitive edge with particular attention to the role of entrepreneurial ecosystems in facilitating substantial contribution by the youth towards economic development (GEM, 2022; World Bank, 2019).

1.2 Research Background

External capital, resources, and market access are inhibited by a complex multitude of sociopolitical factors that impact the economy of Palestine. Regardless of these hurdles, young Palestinian entrepreneurs have proved to be remarkably resourceful and resilient, spearheading regional economic initiatives and creating previously non-existent growth possibilities (Brown & Lee, 2019). Palestine's economic advancement has greatly benefitted from youth entrepreneurship, as it allows Palestine's oppressed youth to exercise their imagination and find innovative and culturally appropriate ways of overcoming the systematic problems.

Innovation serves as one of the major drivers to progress in Schumpeter's (1934) economic development theory. This is complemented by the Global Entrepreneurship Monitor (GEM) data that reveals the remarkable contribution of young entrepreneurs in major economic activities in developing economies (GEM Report, 2022). There is growing attention from authorities and politicians across the globe towards the critical need to tackle youth unemployment head-on. The problem of high unemployment loads among young graduates in Palestine indicates that there is a dire need for out-of-the-box approaches to economic challenges, especially considering the overburdened educational institutions and scarce public sector job opportunities (World Bank, 2020).

The high unemployment ratio among Palestinian youth stems from a combination of reasons political in nature, socio-economic in nature, and systemic in nature, which together cultivates hopelessness and pessimism for the future (United Nations Development Programme, 2021). Self-employment and business ventures are viable alternatives in cases where there aren't many traditional employment opportunities. Young micro entrepreneurs play a critical role in economic growth at a global level, and microenterprises that help in tackling unemployment and creating new jobs are often run by youngsters (OECD, 2020). The environment for doing business is not yet friendly for young Palestinians, particularly fresh graduates because a number of structural barriers stop them from establishing and sustaining successful businesses (Nasr & Pearce, 2012).

In light of the above, Gaza has more acute problems of unemployment than the West Bank; therefore, younger people are more likely to turn towards self-employment and entrepreneurship, which makes it easy for the economy to grow and new jobs to be created. This change in perspective from youth towards economic self-sufficiency can contribute to a much stronger and healthier Palestinian economy (European Commission, 2018).

1.3 Problem Statement

This study seeks to answer the main question: What is the impact of youth entrepreneurship on competitive advantage and economic development in Palestine? Palestine grapples with an underdeveloped economy with persistently high rates of youth unemployment, low levels of economic diversification, and an over-reliance on external markets. While youth-driven businesses could foster innovation, job creation, and increased competitiveness, their impact is constrained on economic growth due to scant financing, weak training frameworks, and ineffective policy advocacy.

The research attempts to fill the gap of understanding the economic contributions of youth entrepreneurship by measuring employment opportunities, income levels, innovation, and market growth. The research findings are expected to strengthen policy attempts, as advocated by Doe (2023), that aim to build a sustainable and inclusive entrepreneurial ecosystem in Palestine.

1.4 Study Significance & Justifications

This study is significant because it seeks to understand Palestine's potential for sustainable economic growth with a focus on the vital youth population. This study provoked the critical need of economically aiding young Palestinians in bypassing employment impediments while also tending to the macroeconomic goals of the country. The project intends to generate purposeful evidence which can be used by stakeholders and decision makers to enable more supportive policies for young economic actors by analyzing the youth entrepreneurship and economic resilience interlinks (Smith, 2021).

This research study has two major areas of relevance: theoretical and practical. Both presents convincing rationales and evidence the attempt to inquire how indeed youth entrepreneurship can help foster economic development in Palestine.

1.5 Theoretical Significance

This study's theoretical significance comes from its contribution to understanding adolescent entrepreneurship for promoting economic resilience in developing countries. The study seeks to extend the scope of current theories on economic growth, particularly those focusing on the impact of youthful enterprises on an economy's regions. This research will contribute to understanding how young entrepreneurs in Palestine creatively enhance local economic competition by employing Schumpeter's theory of innovation and entrepreneurship (Schumpeter, 1934). In addition, this study addresses a large gap in the literature regarding youth entrepreneurship in Palestine, which has particular resource and funding constraints, making the context unique. The findings of the study will further the theoretical debate on youth entrepreneurship in economically challenging contexts and provide new insights to those studying similar contexts.

1.5.1 Practical Significance:

In a practical sense, this study equips policymakers, educators, and even other stakeholders involved in the development and youth empowerment processes within Palestine with useful information. The research is driven by an urgent need for economic answers that alleviate the unemployment challenges of the youth and integrate them into the national economy's developmental goals. This study addresses certain gaps by identifying barriers and facilitating factors for young entrepreneurs, and, in turn, supports policy changes that would encourage a more favorable entrepreneurial ecosystem. This comprises policy changes oriented towards making funding for the youth's businesses more accessible and providing more entrepreneurship training and mentorship programs.

1.5.2 Study Justifications

The following points explain the rationale for the study:

1. **Tackling the Issue of Youth Unemployment:** Palestine suffers from enormously high youth unemployment rates out of which entrepreneurship seems to offer a viable option. This research aims to shed light on promoting young entrepreneurship as a solution for dealing with this challenging issue.
2. **Enhancing Economic Resilience:** Considering the scope of Palestine's limited economy, it is important for young entrepreneurs to possess creativity and flexibility. Such an approach to problem-solving and economic contribution can inspire other regions grappling with comparable difficulties. This research is, thus, important in advancing tailored policies for the promotion of youth entrepreneurship in diverse but similarly constrained settings across the globe.
3. **Policymaking and Strategic Planning:** The results will serve stakeholders and policymakers by offering practical geared recommendations to formulate laws that stimulate a positive environment for young entrepreneurs. An ecosystem of this nature is needed for sustainable economic development and long-term opportunities.

In summary, this study enriches the existing theories of economic growth and entrepreneurship by making commensurable propositions to assist young Palestinian business owners. Collectively, these results will foster resilience and sustainable economic development in Palestine's unique context.

1.6 Study Objective

The main objective of this research is to analyze the potential impact of youth entrepreneurship on local economic development and competitiveness in Palestine. Alongside a major aim of seeking tangible impacts at the Palestinian economy, the study will delve into myriad aspects of youth entrepreneurship and its possible futuristic socio-economic effects.

1. **To analyze the role of youth entrepreneurship in the economic development of Palestine:** The objective is to understand how local businesses led by the youth integrate innovation, employment, and economic sustainability to in Palestine communities.
2. **To analyze the challenges and constraints of young Palestinian entrepreneurs:** The research seeks to establish the factors that seem to block the youth from establishing sustainable businesses by examining both the structural and contextual factors like lack of financial resources, adverse political climate, and technically restricted markets.
3. **To study the impact of family support and education on the entrepreneurship success of young people:** This objective analyzes how family, educational background, skills, and training relate with entrepreneurial success to support the design and delivery of more effective assistance and training programs.
4. **To study contribution of youth entrepreneurship to Palestine development competitive advantage:** The research will determine the role of young entrepreneurs in shaping the economic competitive posture of Palestine in the

global economy through innovation and flexibility fostered by youth entrepreneurship.

5. **To provide guidance towards stakeholders and policymakers with claims:** The purpose of the research is to analyze and develop credible recommendations that are aimed at fostering a more robust entrepreneurial ecosystem. This goal will guide the policymakers in developing programs focused on sustainable development economic growth and fostering youth entrepreneurship.

These goals will help undertake the analysis and provide comprehensive responses on how youth entrepreneurship can operate within the context of Palestine's economic development and stability objectives.

1.7 Study Model

This study utilizes a conceptual model that links youth entrepreneurship with local economic development through innovation, job creation, and market growth. Important variables consist of:

- **Independent Variable**: **Youth Entrepreneurship** Includes (Entrepreneurial Intentions, Access to Resources, Entrepreneurial Skills & Knowledge, Startup Activity, Attitude Towards Risk, Supportive Policies and Ecosystems, Cultural Attitudes).
- **Mediating Variable:** Innovation, Education, Skills, Age, Specialization and Location
- **Dependent Variable**: Local Economic Development and Competitiveness Includes (Employment Generation, Income Levels & Poverty Reduction, Infrastructure Development, Business Growth & Investment, Community Well-being & Quality of Life, Innovation & Entrepreneurship)
- **Moderation Variables**: Supportive Policies and Ecosystems.

Empirical data will be collected from relevant stakeholders and young Palestinian entrepreneurs to examine this concept. A mixed-methods approach, incorporating both qualitative and quantitative techniques, will be employed to analyze the interactions among these variables.

1.7.1 Youth Entrepreneurship (Independent Variable):

Since it encourages innovation, employment opportunities, and local solutions, youth entrepreneurship is considered an important driver of economic growth. Studies highlight the importance of youth businesses especially in peripheral economies (Lewis, 2015). Nevertheless, the independent variable 'Youth Entrepreneurship' covers broad aspects of young people's entrepreneurial characteristics, traits, and activities, particularly those concerning setting up or running a business. It might encompass:

1. Entrepreneurial Intentions – The interest and willingness which is directed towards the entrepreneurial opportunities and businesses by young people, is defined by their attitude towards the set opportunity, self-efficacy, and perception (Liñán & Chen, 2009).

2. Access to Resources – The capacitive dimension of financial services, mentoring, education, sponsorship, and networks in relation to the entrepreneurship business is defined as support facilitating entrepreneurial ventures (Roundy, 2017).
3. Entrepreneurial Skills and Knowledge – A collection of concepts with specialized training and experience, including skills in innovation, management, entrepreneurship, leadership, and problem-solving are regarded as entrepreneurial skills (Gorman, Hanlon, & King, 1997).
4. Startup Activity – Encompasses all the youth participation in business, regardless of the scale, sector, or level of sustainability (Global Entrepreneurship Monitor, 2020).
5. Attitude Towards Risk – Unternehmerisches Denken is willingness to engage in business risk taking. It influences decision making and results in many ways (Caliendo, Fossen, & Kritikos, 2009).
6. Supportive Policies and Ecosystems – Entrepreneurship fostering policies, institutional approaches, and other frameworks available at the local level geared towards young people at the national level (OECD, 2021).
7. Cultural Attitudes – Public evaluation of entrepreneurship, success and failure, and their impacts on career choices make the foundation for youth entrepreneurial careers (Davidsson, 2004).

Considering these factors helps us analyze the problem from a different angle as it may reveal new information concerning youth entrepreneurship and its impact on economic growth and competition.

1.7.2 Local Economic Development and Competitiveness (Dependent Variable):

The dependent variable "Local Economic Development and Competitiveness" relates to the enhancing of economic welfare and living standards in a given region or community. As such, it aims at stimulating economic activity, creating new employment opportunities, and improving the local infrastructure (Fingleton, Garretsen, & Martin, 2012). Some of the critical constituents of local economic development may include:

1. Employment Generation – Formation of new work opportunities and lessening of the unemployment rate, especially in the region's towns and cities (Blakely & Leigh, 2013).
2. Income Levels and Poverty Reduction – Level of mean income and mean income poverty ratio improve, altering standard of life (Todaro & Smith, 2020).
3. Infrastructure Development – Changes to the existing transportation and utility systems, healthcare services, and educational facilities for business and residential purposes (Porter, 2015).
4. Business Growth and Investment – Development of already existing local businesses and encouragement of fresh investments in all industry sectors (Malecki, 1993).
5. Community Well-Being & Quality of Life – Changes in the wellbeing of citizens including, but not limited to, health and life expectancy, security, schooling, and utilization of leisure and recreational facilities (Sen, 2000).
6. Innovation & Entrepreneurship – Cultivating favorable conditions and policies that spur innovations and new enterprises is critical in boosting the economy of the region (Acs, 2006).

1.7.3 Mediating Variables and Moderating Variable

Moderating Variable: Supportive Policies and Ecosystems

Supportive policies and ecosystems moderate the relationship between youth entrepreneurship and local economic development, shaping both the magnitude and the sign of the effect. Rather than serving as a primary cause, such context either amplifies or dampens the dividends that youth ventures deliver, depending on how well these elements are designed and implemented. Components like affordable finance, streamlined regulations, reliable infrastructure, knowledgeable mentors, and active institutional backers together form the fertile ground in which young businesses can grow (World Bank, 2019; Isenberg, 2011).

Mediation Variables

The following factors influence the strength and the direction of the relationship between youth entrepreneurship and local economic development and competitiveness:

1. Innovation and Creativity-By this term scholars mean the extent to which young founders blend fresh technology, original ideas, and imaginative problem-solving so that their ventures produce new value and market offerings (Schumpeter, 1934; Gupta et al., 2020).
2. Education and Training-This phrase captured all formal schooling plus targeted vocational or entrepreneurial courses that boost young peoples ability to launch, run, and grow a sustainable firm (OECD, 2021).
3. Skills-soft and technical-refers to the mix of people-focused abilities like communication, leadership, and flexibility together with job-specific, digital, and managerial know-how that sustain resilience and competitiveness (World Bank, 2019).
4. Demographic Factors-this cluster looks at Age (perceived legitimacy, maturity), Gender (perceived inclusivity), Education (perceived relevance) AND Employment Status (financial & experiential readiness) because such characteristics often shape an entrepreneur's motivation, choice-making, and overall performance in the marketplace (GEM Report, 2022; Porter, 1990; Roundy, 2021).

Graphical Representation of the Proposed Study Model:

Simplified Model for step Analysis:

Independent Variable: Youth Entrepreneurship
→ Composed of the elements listed earlier (entrepreneurial intentions, access to resources, etc.).

Mediating Variable: Innovation & Creativity, Education & Training, Skills (Soft and Technical), Age (perceived legitimacy, maturity), Gender (perceived inclusivity), Education (perceived relevance) AND Employment Status (financial & experiential readiness).
→ This will influence the strength and direction of the relationship between youth entrepreneurship and local economic development.

Moderating Variables: Supportive Policies and Ecosystems
These will moderate the relationship between youth entrepreneurship and local economic development.

Dependent Variable: Local Economic Development and Competitiveness
→ Measures various aspects of the local economy's health, such as employment, income levels, and infrastructure.

Model Structure: The proposed model will be analyzed using two-stage multiple regression as follows:

Direct Effects:

1. Evaluating the impact of Youth Entrepreneurship on Local Economic Development and Competitiveness.
2. Evaluating the impact of Innovation & Creativity, Education & Training, Skills (Soft and Technical), Age (perceived legitimacy, maturity), Gender (perceived inclusivity), Education (perceived relevance) AND Employment Status (financial & experiential readiness) as a Mediating Variable.

Indirect Effects (through Moderating Variables):

1. Evaluating the moderation effects of Government Policies and Ecosystem Support on the impact of Youth Entrepreneurship to Local Economic Development and Competitiveness.

This approach facilitates testing direct and indirect relationships, providing fundamental enablers and barriers to the effective fostering of youth entrepreneurship for local economic development. as highlighted in the previous studies discussed in table 1.

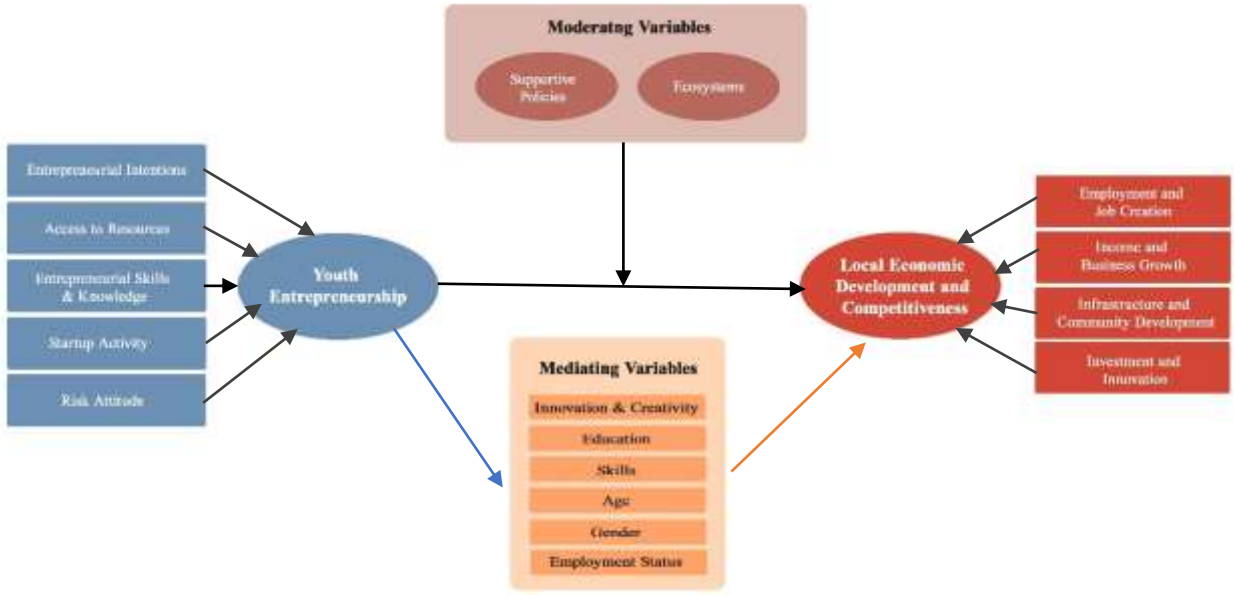

Figure1.1: Graphical Representation of the Proposed Study Model

Source: Constructed by the author using insights from previous research.

The following table provides an overview of the study model's components summarizing the principal variables, their constituents, and the theories underpinning the relationships analyzed in this study. It clearly depicts the impact of youth entrepreneurship, together with mediating and moderating factors, on the local economic development and competitiveness.

Table1.1 : Theoretical Framework and Key Constructs of the Youth Entrepreneurship Model

Component	Description	Key Elements / Variables	References / Theoretical Basis
Independent Variable	Youth Entrepreneurship: The main driver influencing economic development	- Entrepreneurial Intentions- Access to Resources- Entrepreneurial Skills & Knowledge- Startup Activity- Attitude Towards Risk- Cultural Attitudes	Liñán & Chen (2009), Roundy (2017), Gorman et al. (1997), OECD (2021), Davidsson (2004)
Mediating Variables	Factors that influence the strength and direction of the relationship between youth entrepreneurship and economic development	- Innovation & Creativity- Education & Training- Skills (Soft and Technical)- Demographic Factors (Age, Gender, Education, Employment Status)	Schumpeter (1934), OECD (2021), GEM Report (2022), World Bank (2019)
Moderating Variable	Contextual factors that alter the impact of youth entrepreneurship on local economic outcomes	- Supportive Policies and Ecosystems including: • Access to finance • Regulatory environment • Institutional support • Infrastructure	World Bank (2019), Isenberg (2011), Audretsch et al. (2015), Stam (2015), Isenberg (2010)
Dependent Variable	Local Economic Development and Competitiveness: Outcomes of youth entrepreneurship	- Employment Generation- Income Levels & Poverty Reduction- Infrastructure Development- Business Growth & Investment- Community Well-being & Quality of Life- Innovation & Entrepreneurship	Blakely & Leigh (2013), Todaro & Smith (2020), Porter (2015), Acs (2006), Sen (2000)
Model Relationships	Direct and indirect effects analyzed to understand youth entrepreneurship's impact	- Direct effect of youth entrepreneurship on local economic development- Mediation by innovation, education, skills, and demographics- Moderation by policies & ecosystem	Developed based on theoretical and empirical studies (see Sections 1.6 to 1.6.4)
Methodology	Approach to test model relationships	- Mixed-methods approach (qualitative & quantitative)- Two-stage multiple regression analysis	Standard research methodology in entrepreneurship studies

1.8 Study Boundaries

This study addresses youth entrepreneurship within the geographic context of Palestine, focusing on areas with high entrepreneurial activities and high youth unemployment rates (Lee et al., 2015). This study's scope within the problem is defined by the following parameters:

1. **Geographical Scope**: The study will cover all areas within Palestine, particularly the sociocultural and economically depressed areas where entrepreneurial activities are being attempted. This includes both urban and rural locations to provide a rich tapestry of.
2. **Demographic Scope**: The target population for this research will be young people from 18 to 35 years, comprising both sexes and people of different social economic status. This captures all the divergent phenomena which may affect entrepreneurial predisposition.
3. **Temporal Scope**: Collection of data and analysis activities will be completed within one year to enhance focus and relevance to current conditions.
4. **Access and Resource Limitations**: Logistical and security issues related to some parts of Palestine may constrain the study from reaching all the desired target populations. Striking appropriate sample and collaboration with local organizations should help overcome some of these barriers.

1.9 Study Hypotheses

1. **H1:** Entrepreneurial Intentions positively affect Access to Resources.
2. **H2:** Entrepreneurial Intentions positively affect Entrepreneurial Skills and Knowledge.
3. **H3:** Access to Resources positively affects Contextual Factors.
4. **H4:** Entrepreneurial Skills and Knowledge positively affect Contextual Factors.
5. **H5:** Contextual Factors positively affect Economic Development and Competitiveness.
6. **H6:** Economic Development and Competitiveness positively influences:
    - H6a: Employment and Job Creation
    - H6b: Income and Business Growth
    - H6c: Infrastructure and Community Development
    - H6d: Investment and Innovation

Chapter Two:

Theory & Literature Review

This chapter consists of two main components. The first part describes the theoretical frame in which the study's variables and elements are definied. The first part accomplishes the review by analyzing pertinent works and highlighting influential variables and dimensions in the Arab world and abroad.

2.1 Theoretical Framework

The theoretical framework combines elements from existing literature on economy and entrepreneurship with particular concerns of youth entrepreneurship in politically constrained and conflict-ridden regions. This perspective provides support on the linkage of youth **entrepreneurship** within the economic growth context of the local region (**local economic development**) while considering various influencing factors.

2.1.1 Youth Entrepreneurship in Politically Restricted Economies:

Youth entrepreneurship is thought to be fundamentally important for economic development and growth, specifically for young people. However, in areas like Palestine which are socio-economically and institutionally difficult—conflict-affected or politically restrictive regions—youth businesses are markedly different than those in more stable economies. Such differences include limited financial capital, constrained market access, weak institutional support, precarious political environments, and poor physical infrastructure. Within the academic world, there is nearly universal agreement that youth entrepreneurship is an important socio-political issue and public policy, and research needs more focused analysis on its dynamics in the context of weak economies (Rashid et al., 2019).

Policies regarding economic development in Palestine highlight the prospects of youth entrepreneurship as an area of growth, but no comprehensive plan to harness this potential has been developed. Young entrepreneurs in these areas encounter gaps in institutional

frameworks alongside elevated unemployment figures, as well as a dearth of successful business figures to serve as inspirational mentors. The impact of fragmented policy integration in the post-Oslo regions makes the efforts to promote young people's business initiatives considerably more complex – targeted action is needed (Lyons & Shambrook, 2019).

2.1.2 Entrepreneurship Definition

Entrepreneurship entails creation and development of a new business along with assuming risks and planning for its future advantages. It has been described as an "act of innovation", as told by Schumpeter (1934), owing to an innovation focused information search which leads to the destruction of existing markets. In socio-economic transformation and development, entrepreneurs play a critical role as they generate wealth and employment. In developing nations, young entrepreneurs invigorate the economy and improve social equilibrium by solving community problems and providing services through their imaginative employment.

2.1.3 Theoretical Perspectives on Youth Entrepreneurship

The literature on youth entrepreneurship highlights the role of human capital and social capitals. Empirical evidence indicates success is a function of personal traits and other mediating factors such as education, resources, and mentorship (Rashid et al., 2019). All of these factors outline the spectrum of possibilities for youth entrepreneurs to devise new strategies, take reasoned risks, and influence socio-economic development of the area.

Schumpeter maintained that innovation is one of the primary drivers of economic evolution and advancement. His theory argues that it is entrepreneurs who push progress by providing new products, services, processes, or organization, thereby altering the framework of the market system using what he termed "creative destruction." This continuous cycle fosters the elimination of primitive and inefficient business methods, thereby raising productivity and economic vigor. His theory concerning innovation and risk bearing is applicable in understanding the experience of the Palestinian youth entrepreneurs, who work under conditions of scarce resources and high opportunity costs characteristic of necessity entrepreneurship. These young entrepreneurs, in the efforts to bear risks and undertake innovative actions, help in revitalizing the local economies and overcoming structural obstacles in the tough conditions of Palestine. More broadly, Lyons and Shambrook (2019) highlight the problem of national culture and society's attitude towards entrepreneurship and underline its importance on how entrepreneurship operates.

2.1.4 Mediating Variables: Innovation & Creativity, Education, Skills, Demographic (Age, Gender, Education Level, Employment Status):

Several mediating variables shape the link between youth entrepreneurship and local economic development. By examining these influences, policymakers can understand why new ventures boost competitiveness, growth, and sustainability to differing degrees across regions.

Innovation & Creativity as a Mediator: The economic effects of youth-operated startups is influenced by innovation in particular ways. Schumpeter (1934) believed that entrepreneurial innovation was driven by "creative destruction," which advanced the

economy by new technologies superseding previous ones. New entrants into industries who offer goods or services which are new or unique, contribute much more towards economic competitiveness (Acs & Audretsch, 1988). On the other hand, businesses that do not offer something new, might face challenges in scaling or achieving sustainable growth (Shane, 2009). Regions that have strong R&D (Research and Development) infrastructures tend to support youth entrepreneurship with high economic impacts (Audretsch & Belitski, 2013).

Education and Skills as Mediator: According to the Davidsson & Honig (2003) framework, schooling empowers the youth with essential fostering skills like critical thinking, technical prowess, and even business strategies, enhancing entrepreneurial potential. Education increases the probabilities of success for new ventures since educated entrepreneurs have better access to funding and knowledge of relevant legal requirements (Unger et al., 2011). Also, the lack of digital skills as well as managing finances, marketing, and specialized training all serve to improve the odds of survival of newly formed businesses (Lazear, 2005). However, in some instances, excessive formal education may dissuade risk taking, thus highlighting the need for more hands-on learning (Oosterbeek et al., 2010).

Demographic Factors as Mediators

Age, gender, education level, and employment status are more than simple background variables; they often act as channels through which youth entrepreneurship affects local economic development.

- **Age (perceived legitimacy, maturity) as a Mediator:** Research suggests that younger entrepreneurs (typically aged 18–35) show elevated levels of risk tolerance, however, they may lack the experience needed for long-term sustainability (Levesque & Minniti, 2006). Older entrepreneurs tend to be more risk-averse, but tend to possess valuable industry contacts and management skills (Kautonen et al., 2014). The ideal age for pursuing high-growth entrepreneurship differs across industries; for instance, tech startups prefer younger founders while traditional businesses thrive with older entrepreneurs (Azoulay et al., 2020).
- **Gender (perceived inclusivity) as a Mediator:** The economic impact of a youth-led venture is influenced by the sector in which it operates. High-growth industries, such as technology, renewable energy, and biotech, tend to offer more employment opportunities and investment compared to low-growth sectors (Shane, 2009). More specialized niches like AI and green entrepreneurship tend to attract more policy attention and venture funding (Gans et al., 2019). On the other hand, retail and agriculture are considered traditional sectors which are not easily scalable but provide sustenance for the region (Naudé, 2013).
- **Education Level (perceived relevance) as a Mediator:** Advanced study generally boosts entrepreneurial success by sharpening cognition, improving planning skills, and opening valuable contacts, although the specific curriculum counts more than the credential alone--courses tied to current market demands or dedicated entrepreneurial programs tend to matter more than broad, generic classes (Unger et al., 2011).
- **Employment Status (financial & experiential readiness) as a Mediator:** Young people who are unemployed or working below their qualifications often start businesses out of urgent need, yet they typically lack the time, capital, or confidence to plan carefully, while those already employed can draw on stable income, professional

insight, and existing networks, turning ideas into opportunity-driven ventures that deliver stronger results (Naudé, 2013); therefore, tailored policy tools--such as short unemployment stints followed by subsidised start-up training--can shift necessity entrepreneurs toward sustainable, growth-oriented activity.

2.1.5 Moderating Variable: Supportive Policies and Ecosystems

Fostering policies and entrepreneurial systems moderate the relationship between youth entrepreneurship and economic development. These policies work as enabling mechanisms which facilitate the unlocking of entrepreneurial potential into real economic achievements.

The Role of Government Policies: As noted by Audretsch et al. (2015), the provision of startup grants, tax deductions, and less stringent business registration frameworks enhances entrepreneurial undertakings among the youth. Kupper et al. (2006) argue that policies aimed at lowering administrative barriers enhance entrepreneurial activities among the youth. Likewise, specific forms of financial assistance, including microloans and venture capital funding, assist in alleviating the lack of adequate resources problem that constrains many youth-led businesses (Beck et al., 2008).

Institutional Support and Entrepreneurial Ecosystems: should focus on a comprehensive entrepreneurial ecosystem which includes but is not limited to; incubators, accelerators, mentorship programs, and school collaborations that collectively promote youth entrepreneurship (Stam, 2015). The following are the six key domains of the ecosystem as described by Isenberg (2010):

- Funding Access (angel funding, crowdfunding)
- Labor Market (availability of trained personnel and entrepreneurial training)
- Entrepreneurship Culture (cultural acceptance towards entrepreneurship)
- Economic Opportunities (demand for goods and services within and outside the country)
- Government Policies (favoring business operations)
- Infrastructure (availability of shared offices, internet services, etc)

Entrepreneurial success rates are higher in certain regions like Silicon Valley or Berlin due to the synergy of the factors at play in the strong ecosystems present (Spigel, 2017).

Impact on Youth Entrepreneurship Outcomes: In the presence of restricting policies and fragmented ecosystems, the likelihood of failure remains high, particularly for younger entrepreneurs lacking the required experience and capital (Santos et al., 2020). This results in youth entrepreneurs being less likely to:

- Start and sustain businesses (Lerner, 2009)
- Obtain mentorship and networking opportunities (Theodoraki et al., 2018)
- Scale innovations (Acs et al., 2014)
- Generate employment (Van Praag & Versloot, 2007)

Case Evidence on Policy Effectiveness:

1. Equity-free funding and networking from Chile's Start-Up Chile program enhanced early-stage entrepreneurship (Gonzalez-Uribe & Leatherbee, 2018).
2. Financial and training support from Rwanda's youth entrepreneurship funds helped increase business survival rates by 30% (Nsanzabaganwa & Nkurunziza, 2019).
3. Digital policies such as e-residency and startup visas positioned Estonia as a global hub for tech entrepreneurs (Kalvet et al., 2018).

Ecosystems with enabling policies and supportive frameworks are crucial moderators that determine the extent to which youth entrepreneurship can transform into an economic driver. Balanced strategies of financial incentives alongside regulatory and systemic changes offer the optimal solution.

2.1.6 Application to Palestine:

Youth entrepreneurship in Palestine showcases a particular gap in overcoming development challenges. Investment strategies directed towards the youth's age group, goals, and expectations can greatly contribute towards a self-sustaining entrepreneurial ecosystem. Transforming educational systems as a means of employment creation in addition to enhancing skill training can greatly fuel economic development at local levels. Moreover, regional institutions can greatly assist in promoting entrepreneurial spirit by disseminating successful models.

This framework aims to demonstrate the need to strengthen youth entrepreneurship as a gap in the economic development of a region while stream lifting the role of innovation, economic competitiveness, employment generation, supportive systems and policies, offer an ecosystem that encourages entrepreneurship, and serves as a moderator.

2.2 Literature Review

2.2.1 Abstract:

The role of youth entrepreneurship is largely acknowledged as critical in innovation, economic growth, and employment generation. There is scant information, however, regarding the phenomenon of young entrepreneurs in politically constrained and conflict-affected economies such as Palestine. This literature review summarizes available regional and international studies about the impact of youth innovation, entrepreneurship, and employability on economic growth and competitiveness at the local level. Moreover, it stresses the critical role of ecosystems and policy frameworks in moderating these relationships. The review addresses the particular challenges of youth entrepreneurship in unstable economic contexts, thereby illustrating the need for targeted strategies to maximize their potential impact on social stability and economic resilience.

2.2.2 Literatures:

In their 2018 research paper "Entrepreneurship in the Palestinian Context", Abu-Rumman studied Palestine with special attention to the multifaceted problems and potentials of entrepreneurship in the region. The research discussed factors such as political instability,

inadequate resource availability, and the immobilization of people and goods. The study also asserted that innovation, employment opportunities, and economic self-sufficiency indicate that entrepreneurship could help stimulate the economy. The most effective way of nurturing such entrepreneurial activity is through proper financing, educational facilities, and favorable policies, as concluded by the study.

"Linking Entrepreneurship to Growth," a study conducted by Audretsch and Thurik in 2001, tackles the interdependence of economic growth with entrepreneurship. In their study, they noted that entrepreneurial activity is crucial for the development of innovations and the further advancement of an economy. They further outlined how new businesses increase the energy of economies through the introduction of new products, services, and business models, which results in increased productivity and competitiveness. Their study also showcased the need for providing favorable conditions and economic policy frameworks for entrepreneurship development and the successful operation of new businesses. They demonstrated that this is especially important in the contemporary era as new moves in economic development are characterized as knowledge economies. The authors found clear evidence that entrepreneurship acts as a fundamental catalyst for economic growth….

Brück et al. (2013) analyzed challenges and opportunities for entrepreneurship in conflict affected areas in the study titled "Entrepreneurship in Conflict Affected Areas." The research analyzed the impact of violence, insecurity, and resource scarcities on entrepreneurial activities and economic growth. The research also found that, in conflict zones, business people are highly resilient and unique in their ability to devise further solutions to problems resulting from insufficient infrastructure and unstable markets. The study also noted the need of international assistance and appropriate government policies directed toward enhancing entrepreneurial activities in the region. From this analysis, the authors suggested that entrepreneurship is a vital component in the recovery process of a nation from conflict, as well as for its sustainable development.

Fatoki and Chindoga (2011) analyzed the "Barriers to Youth Entrepreneurship in Developing Economies" to assess the factors that inhibit young people from engaging in entrepreneurial activities in developing countries. The research pointed out important barriers like insufficient funding, insufficient training and education, negative risk-taking culture, and absence of affirmative strategies. The researchers also emphasized the importance of socio-economic components like unemployment and poverty in the dynamics of young people's entrepreneurship. It was concluded from the study that for the youth entrepreneurship to thrive, there is a need to consider barriers like finance, mentorship, societal attitude changes along with a paradigm shift toward entrepreneurship.

Gibb's 1993 study "The Entrepreneurial Mindset in Education" focused upon the potential impact of education in fostering an entrepreneurial mindset. The study emphasized the importance of developing an entrepreneurial mindset particularly for the cultivation of innovation, creativity, and risk-taking behavior. Gibb argued that entrepreneurship education should be a core component of the school curriculum to give adequate skills and attitudes to students to make them entrepreneurs in future. The study also underscored that such mindset increases individual's contribution but perhaps more importantly it increases societal and economic value by improving the economy and employment opportunities. The research argued for policy changes to integrate entrepreneurship education into school curriculums at earlier stages.

A 2022 study by the Global Entrepreneurship Monitor titled "Global Report on Entrepreneurship" documented global level entrepreneurship activity, changes, and concerns. The report gathered information on entrepreneurs' attitudes, ambitions, motivations from different parts of the world and, examined the key factors shaping entrepreneurship ecosystems in those areas. It revealed that although many countries are realizing improvements in entrepreneurial activity, there still are challenges encompassing other aspects like available financing, market conditions, and regulatory obstacles. The report reiterated the role of appropriate policies, education, and infrastructure needed in a particular economy where possibility exists to create an effective entrepreneurship ecosystem for employment and economic development.

The study by Kim et al. (2010) named "A Study on Singapore Startup Ecosystem using Regional Transformation of Isenberg" pioneered the importance of an ecosystem in entrepreneurship. The study clearly talked about the web of capital, resources, culture, education and regulations, which forms entrepreneurial activity. Isenberg argued that a having an ecosystem fit for entrepreneurship does not only need capital injection but also a nurturing context where universities, corporations, and government institutions actively foster innovation and business development. The study discussed howFramework Policies For Regional Innovation Clusters (RPWIC) from the Humboldt Institute focus on how regions and countries can develop their entrepreneurial ecosystems to manage local conditions for addressing issues of productive economic growth through regionally sustainable construction.

Having conducted a primary research, Hallonsten published their findings in 2023 in the study "Empty Innovation: Causes and Consequences of Society's Obsession with Entrepreneurship and Growth" which critically analyzes the societal tendency towards entrepreneurship and economic growth. According to Hallonsten, this phenomenon is concerning due to the absence of innovations and how those innovations, if made, have little impact on society. The study asserts that although entrepreneurship is well regarded as a key factor in the advancement of society, it also gives rise to the phenomenon of 'shallow innovation' which pays little attention to society's deeper problems. This research attempts to uncover the fact that not all entrepreneurial efforts generate social or economic value in a society that relentlessly pursues expansion without contemplating its sustainability. This work seeks to create a better framework for thinking about innovation to include social and well-being elements into the entrepreneurial equation.

The study Mbeteh & Pellegrini (2022) "Entrepreneurship Education in Africa: A Contextual Model for Competencies and Pedagogies in Developing Countries" analyzes the impact of entrepreneurship education in Africa. The authors suggest a contextual model featuring a mismatch between pedagogical strategies and entrepreneurial competencies that developing countries face. The educative systems must nurture relevant skills that empower young entrepreneurs to tackle pertinent local economic issues. In reference to African countries of particular socio-economic, cultural, and political significance, the research underscores the need for a precise and functional framework of pedagogy in entrepreneurial education aimed at preparing students for the realities of their environments. The study emphasizes the importance of entrepreneurship education for economic development in Africa.

In contrast to the first study, A study by Naudé (2011) "Entrepreneurship and Economic Development: An Introduction" examines in detail the connection entrepreneurship has

with economic development. The study published in Entrepreneurship and Economic Development by Palgrave Macmillan shows how, especially in developing countries, economic growth is heavily dependent on entrepreneurship.

Naudé analyzes the ways in which entrepreneurship is correlated with the creation of new innovations, jobs, and productivity, all of which have a positive impact on the economy. The research also covers the lack of resources, insufficient infrastructure, and negative regulatory frameworks as some of the challenge's entrepreneurs face in developing economies. The paper also highlights the critical need for policies and ecosystems that enable entrepreneurial success towards sustainable economic growth.

In 2021, Schumpeter and Swedberg published a study, "The Theory of Economic Development," which examines Schumpeter's contribution to entrepreneurship and its important role in economic growth. In this edition published by Routledge, Schumpeter's theory of economic development is elaborated with particular attention to innovation and entrepreneurial efforts as central factors of a growing economy. The study describes Schumpeter's perception of the role of entrepreneurs in economic development as being primary in the introduction of innovations such as new goods, new ways of doing things, or new forms of business organization that change a given market. Among other things, the text explains the concept of "creative destruction," in which old forms of economic activity are constantly and systematically replaced by newer, more efficient ones. Schumpeter and Swedberg analyze in greater depth the function of an entrepreneur as a transformative force in the economy, arguing that it is their activity that stimulates competition, technological progress, and economic growth. This defines entrepreneurship with economic development in a systematic way and is crucial to their understanding of sustained economic growth as it relates to innovation.

World Bank (2015) "Entrepreneurship in Fragile and Conflict-Affected Contexts" looks at entrepreneurship in areas that have faced conflict or are currently unstable. It analyzed how conflict and instability creates barriers and unique windows of opportunity for entrepreneurship. The study explored the ways in which political, economic, and social upheaval stifles entrepreneurial activity such as the restricted availability of capital, lack of infrastructure, and limited access to affordable.

Chapter Three:

Research Design & Methodology

3.1 Introduction

This chapter explains the research design and methodology sought to analyze the impact of youth entrepreneurship on local economic development and competitiveness in the suburbs of Jerusalem. The study is based on a conceptual framework which associates youth entrepreneurial activities with certain key development indicators while considering the moderating effects of innovation, education, skills, age, specialization, location, and the supporting policies and ecosystems as the intervening variables.

The study sample population of approximately 1,500 young entrepreneurs located in the Jerusalem Governorate areas, including Abu Dis, Al-Eizariya, Al-Sawahreh, Shuafat, Beit Hanina, Jerusalem, Al-Ram, Anata, Hizma, and Al-Zaim. Participants are of Projects and Initiatives tracked by the Jerusalem Governorate Labor Office, with an emphasis on self-employment initiatives emerging from the suburban belt of Jerusalem.

Due to the rich interrelation inherent in the model as well as the region's varying socioeconomic characteristics, a mixed-methods approach is used. This includes quantitative data which examines relationships between variables as well as qualitative data which examines related perspectives, experiences, and lived narratives of young entrepreneurs. This methodological approach seeks to capture the complexity of youth entrepreneurship and its potential impact on employment, income, infrastructure, and community development.

The chapter continues with the explanation of the methodology and justification of the research approach, which is then followed with a description of the sample design, instruments for data collection, as well as the measures taken to uphold the accuracy and credibility of the results. Ethics in relation to the research and methods of analysis are discussed as well, so that the methodology of the research is unambiguous and complete.

3.2 Research method

The current study utilizes a mixed methods model to assess the impact of entrepreneurship among the youth on the local economy's development more broadly for economic development (Creswell & Plano Clark, 2018)). This heterogeneity of methods permits the triangulation of data, improves validity, and provides mixed breadth and depth of analysis.

As part of the quantitative aspects of this study, a structured questionnaire will be distributed to a select sample of approximately 1,500 youth entrepreneurs from the suburban regions of Jerusalem which include Abu Dis, Al-Eizariya, Al-Sawahreh, Shuafat, Beit Hanina, Jerusalem city, Al-Ram, Anata, Hizma, and Al-Zaim. The initiative will focus on measuring the entrepreneurial intentions, skills, risk attitudes, and startup activities of the respondents. These factors will be analyzed against the previously mentioned economic indicators of employment generation, income levels, and infrastructure development (Hair et al., 2019). The final verified sample for analysis of 172 completed responses will be subjected to rigorous analysis. The data will be analyzed through the application of descriptive statistics, correlation analysis, and regression modeling to evaluate the relationships among the posed variables and determine their influence on the economic development of the region.

The qualitative portion encompasses semi-structured interviews and focus groups with some participants as well as staff of the Jerusalem Governorate Labor Office. This serves to examine contextual factors such as policy support, culture, and institutional impediments (Merriam & Tisdell, 2015). Thematic analysis will be employed to the data set to extract recurring patterns and themes.

Applying a mixed-methods approach makes sense because of the multidimensional framework and the necessity to merge quantitative data with qualitative experiences (Tashakkori & Teddlie, 2010). It enhances the research by encompassing not only the quantifiable effects, but also the contextualized impacts pertinent to the youth projects in the suburban regions of Palestine.

3.3 Data Sources

This study incorporates both primary and secondary sources of data. Each source is described distinctly to allow for accurate collection of data for the study.

3.3.1 Primary Data:

In this case, the primary data will be gathered from young entrepreneurs located in the suburbs of Jerusalem which include Abu Dis, Al-Eizariya, Al-Sawahreh, Shuafat, Beit Hanina, Al-Ram, Anata, Hizma and Al-Zaim. These people form part of the youth projects that are under the supervision of the Jerusalem Governorate Labor Office. Data will be collected through structured questionnaires for the quantitative part and through semi-structured interviews for the qualitative part (Creswell, 2014).

3.3.2 Secondary Data

The secondary data will be collected for Palestine from other reports, publications, and databases regarding the employment of youth, entrepreneurship programs, and any economic development activities done in Palestine. Other sources include government publications, past academic work, labor force surveys and strategic development plans (Bryman, 2016). This information will not only be useful in providing context but also help in data triangulation.

Combining both sets of data allows for the findings of the research to be more valid and accurate while also enabling the study to obtain quantitative trends as well as qualitative perspectives from the stakeholders (Flick, 2018).

3.4 Study Tools

To this end, the mixed-methods design of this study is based on two tools of data collection: a structured questionnaire for the quantitative component, and a semi-structured interview guide for the qualitative component.

3.4.1 Questionnaire:

As with other quantitative surveys, the structured questionnaire is the primary tool for gathering information from the youth entrepreneurs. It aims to capture and measure out independent factors such as entrepreneurial intentions, access to resources, skills and startup activity. Moreover, the questionnaire captures moderating and mediating variables like innovation, education, supportive policies, and final outcomes including employment, income and business growth. Most items are captured on a five-point Likert scale which has been shown useful in capturing attitudes, perceptions and behaviors (Hair et al., 2019). It is planned that the data will be analyzed applying SPSS (Statistical Package for the Social Sciences) to carry out descriptive analyses, reliability testing e.g. Cronbach's alpha, correlations, and multiple regression analysis to test the relationships among the various variables (Pallant, 2020).

3.4.2 Interview Guide:

To collect qualitative data from specific participants and stakeholders, a semi-structured interview guide will be developed. This approach will enable the researcher to understand deeply the constituents' experiences, challenges, and perspectives, particularly their cultural attitudes, policy support, and environmental impediments related to entrepreneurship. Interviews will be transcribed, and thematic analysis will be conducted using coding techniques (Merriam & Tisdell, 2015), which will aid to further interpret and augment the quantitative results.

Both tools were developed from literature review and were validated by practitioners and academics as cultural, relevant, and appropriate. Before full implementation, a pilot test will be conducted to evaluate the instruments and strengthen reliability.

3.4.3 Development of the Questionnaire:

The survey instrument for this study was designed in consideration of the conceptual framework which associates youth entrepreneurship with local economic development, highlighting several mediating and moderating variables. This particular instrument was created after synthesizing literature reviews on entrepreneurship, innovation, and local development and was tailored to the Palestinian context after consulting field experts and practitioners in policy development (Creswell, 2014; Saunders et al., 2019).

The questionnaire consists of six sections:

- Section 1: Captures demographic data (e.g., age, gender, location, education, and entrepreneurial status).
- Section 2: Measures independent variables including entrepreneurial intentions, access to resources, entrepreneurial skills and knowledge, startup activities, and risk attitudes.
- Section 3: Captures mediating variables, such as innovation, education and training, soft and technical skills and Demographic variables includes (Age, Gender, Education Level, Employment Status).
- Section 4: Focuses on moderating variables related to supportive government policies and ecosystem infrastructure.
- Section 5: Assesses dependent variables such as employment and job creation, income and business growth, infrastructure and community development and investment and innovation.
- Section 6: Includes open-ended qualitative questions to capture deeper insights and contextual challenges.

The majority of items were evaluated on a five-point Likert scale (1 = Never, 2 = Rarely, 3 = Sometimes, 4 = Usually, 5 = Always), which made quantification and statistical analysis via SPSS straightforward. Based on theory and prior research from entrepreneurship and development disciplines, relevant measures were organized into constructs. (Hair et al., 2019).

The questionnaire was checked for content validity and relevance to the culture, and was subsequently pilot tested with a group of youth entrepreneurs from the suburbs of Jerusalem to assess the instrument's clarity and reliability. The final instrument captures the specific entrepreneurial ecosystem in Palestine alongside the supporting institutional frameworks and the challenges unique to the youth.

3.4.4. The Survey Administration:

Survey participants were youth entrepreneurs aged 18 to 35 years from the suburbs of Abu Dis, Al-Eizariya, Al-Sawahreh, Shuafat, Beit Hanina, Jerusalem, Al-Ram, Anata, Hizma, Al-Zaim and held within the Jerusalem Governorate. The Jerusalem Governorate Labor Office assisted in recruiting students. This institution facilitated access to the entrepreneurial projects and programs in the region. Surveys were administered both online and in person, accommodating a range of internet access and time availability (Dillman et al., 2014).

Structured questionnaires for the quantitative portion were conducted during face-to-face meetings at the training centers and through Google Forms. To ensure participant accuracy, field staff assisted those with limited online proficiency.

For the qualitative portion, participants were given open-ended questions at the end of the questionnaire. Selected respondents were additionally interviewed to examine the contextual factors, motivations, and policy complexities that inform the challenges they face.

The research focused on a population of approximately 1,500 youth entrepreneurs, out of which 172 questionnaires were distributed. A total of 172 responses were collected and verified, achieving a complete response rate which is unusual for survey-based research and helped strengthen the reliability of the data. Participants were voluntaries, and were fully informed about the confidentiality of the study as well its academic purpose. Completing the questionnaire took about 20 to 25 minutes for the respondents. To enhance the quality of responses, the instrument was first administered to a small group of young entrepreneurs. Based on their feedback, adjustments were made to enhance clarity and relevance prior to wider distribution (Bryman, 2016).

This strategy earned a high level of response engagement across demographic, geographic, and professional boundaries.

3.5 Study Population

The target population is youthful entrepreneurs aged 18 to 35 years old and living in the suburbs of the Jerusalem Governorate, particularly in Abu Dis, Al-Eizariya, Al-Sawahreh, Shuafat, Beit Hanina, Jerusalem, Al-Ram, Anata, Hizma, and Al-Zaim. These regions were chosen because of their active youth entrepreneurship programs as well as their proximity to regionally available developmental aid programs through the Jerusalem Governorate Labor Office.

The total estimated population of interest is around 1,500 young entrepreneurs who are either active in entrepreneurial activities or are part of youth-led economic development initiatives. This group captures a good mix of holistic and diverse educational backgrounds, stages of business development, varying levels of resource access, and other multifaceted variables which is ideal for studying the relationship between youth entrepreneurship and local economic development.

The population frame was delineated in collaboration with the Jerusalem Governorate Labor Office, which keeps track of youth participants in funding and local startup initiatives as well as those attending entrepreneurship training programs. This streamlined purposeful contact with study participants and ensured that the study gathered information from individuals pertinent to the research focus.

3.6 Sample Design

In order to achieve reliable results and representational accuracy, Purposive sampling was used in this study to target a specific group of youth entrepreneurs aged 18 to 30 who live in the suburban regions of the Jerusalem Governorate, to include Abu Dis, Al-Eizariya, Al-

Sawahreh, Shuafat, Beit Hanina, Jerusalem, Al-Ram, Anata, Hizma, and Al-Zaim. Unlike random sampling, which seeks representativeness, purposive sampling is selective and ideal for studies aimed at achieving particular objectives. Such an approach is useful in research with a well-defined, specialized population and aims to collect rich, relevant data from those with firsthand experiences or relevant attributes (Palinkas et al., 2016). Thus, in this study purposive sampling strengthened the credibility and precision of the outcomes within the narrower scope of the investigation because the focus was on a population relevant to youth entrepreneurship in the given context.

The sample was constructed with the assistance of the Jerusalem Governorate Labor Office, which gave access to a population frame containing around 1,500 youth entrepreneurs participating in the local entrepreneurship programs and initiatives. Based on active entrepreneurial participation and availability during the data collection period, 172 individuals were chosen.

For a descriptive-explanatory quantitative study of this nature, the sample size is robust. Moreover, the sample facilitates the application of advanced statistical techniques like regression and factor analysis, which necessitate a requisite observation-to-variable ratio (Hair et al., 2020). The inclusion of participants at varying stages of their entrepreneurial activities improves the overall representativeness of the findings within the ecosystem of youth entrepreneurship and reflects the emphasis in contemporary youth entrepreneurship research on multiple developmental phases.

The study design aims to capture how entrepreneurship impacts economic development by focusing on young people who are either engaged in or plan to undertake entrepreneurial activities.

3.7 Programs & Packages Used

The study employed a combination of software tools and platforms to facilitate efficient data collection, management, and statistical analysis.

1. **Google Forms:** This platform enabled designing and disseminating the survey instrument electronically. It also allowed respondent ease of access, response collection in real-time monitoring as well as seamless data exportation to Microsoft Excel for preliminary processing.
2. **Microsoft Excel 2019:** Excel was utilized for the initial data editing tasks which included coding, cleaning, and organizing the dataset. A number of basic statistical summaries including frequency distributions, means, and standard deviations were processed in order to examine the dataset before performing advanced statistical analysis.
3. **IBM SPSS Statistics (Version 25):** The main quantitative data analysis tool of the study was SPSS. It was used to perform descriptive statistics, reliability testing (Cronbach's alpha), correlation analysis, and multiple linear regression to evaluate the relationships among the study variables and the research hypotheses.
4. **IBM SPSS AMOS (Version 24):** AMOS (Analysis of Moment Structures) is recognized for its application in Structural Equation Modeling (SEM), which was used in this study to validate its conceptual framework. It was also used to assess the measurement model to determine construct validity and reliability as well as the

structural model that encapsulated direct and indirect associations between latent variables.

These tools together provided accurate model-fitting for data analytics, improvement of the visualization of the structural models, and justified the empirical validation of the relationships posited in the study.

3.8 Statistical Techniques

Multiple techniques were used to analyze the gathered data and evaluate the hypotheses of the study. These techniques were chosen considering the nature of the research questions, measurement level, and the structural arrangement of the conceptual model (Hair et al., 2020).

1. **Descriptive Statistics:**
To capture the demographic profile of respondents and summarize primary variables of the study, descriptive statistics such as means, standard deviations, frequencies, and percentages were computed. These analyses were carried out in Microsoft Excel as well as IBM SPSS Statistics 25.
2. **Reliability Analysis:**
Internal consistency for each construct of the survey was measured with Cronbach's alpha and was determined using SPSS. In reliability studies, a threshold of $\alpha \geq 0.70$ is acceptable (Tavakol & Dennick, 2011).
3. **Correlation Analysis:**
To assess strength and direction of important bivariate relationships, Pearson correlation was used. This technique measured the association of independent with dependent variables and checked for possible multicollinearity (Field, 2018).
4. **Multiple Linear Regression Analysis:**
The independent variable's impact was evaluated using the regression analysis technique. This technique permitted estimating the relative contribution of each predictor as well as the amount of variance accounted for (Hair et al., 2020).
5. **Structural Equation Modeling (SEM):**
IBM SPSS AMOS 25 was used to carry out SEM for the proposed conceptual model. The approach was conducted in two phases:

- Measurement model evaluation by Confirmatory Factor Analysis (CFA) to test the reliability and validity of the constructs.
- Testing the structural model to assess the hypothesized relationships and possible mediation or moderation effects between the latent variables.

Model evaluation included fit indices CFI, TLI, RMSEA, and the χ^2/df ratio to proportional benchmark thresholds for SEM (Byrne, 2016). These methods allowed for a thorough investigation of the measurement and structural components of the model which bolstered the methodological rigor of the study.

Chapter Four:

Empirical Results & Findings

This chapter contains the outcomes of the statistical analyses performed relating to testing the hypotheses of the study as well as examining the relationships between the key variables. The results are systematically presented in the following sections: respondents' demographic characteristics, measures of reliability and validity, descriptive analyses including reliability, correlation and regression analyses, followed by structural equation modeling.

4.1 Study Sample Characteristics

The respondents of the survey are youth entrepreneurs within the age bracket of 18-35 years, amounting to a total of 172. Their responses were tracked against various demographic and project specific parameters. The results are captured in Table 4.1.

1. **Ages**: With respect to age, respondents were classified into three distinctive bands. The bulk, amounting to 48.8%, were aged between 25 and 30 with 33.1% in the 18-24 segment followed by 18% in the 31-35 bracket. This illustrates that a significant number of respondents fall within the estimated active ages of a youthful entrepreneur.
2. **Gender:** Sample distribution indicates a noteworthy imbalance in the representation of different genders, with the overwhelming majority, 68.0% identifying as male and only 32.0% female. This is in line with the global entrepreneurship participation Metric, which highlights sharp divergence towards men, more so in developing countries.
3. **Geographic Distribution:** The geographic location metric exhibited some variance amongst participants. The majority were from the West Bank (46.5%) and Jerusalem (33.7%). The remaining 18% were from East Jerusalem and only a small fraction, 0.6% from Gaza and 1.2% other areas.
4. **Education:** A relatively large number of respondents were educated to the level of bachelor's degree (36.6%), with 32% having finished high school or below. We

observe 20.9% with diplomas and a smaller cohort of 10.5% having attained master's degrees. These responses reflect a well-educated sample.

5. **Project Size (Number of Employees):** Most of the entrepreneurial projects were in the micro category. Nearly 35.5% of respondents indicated having two employees, while 22.7% had three, and 19.8% had one employee. A very small portion had larger teams, and 1.7% reported having no employees.
6. **Type of Entrepreneurial Project:** The largest proportion of projects were commercial in nature at 56.4%, with industrial coming second at 25.6%. The least common projects included technological (8.7%), touristic (5.2%), and agricultural (4.1%) projects, which reflected the sectoral distribution of youth-led initiatives in the region.

Table 4.1 : Socio Demographic Characteristics

Variable name	Category	Frequent	Percentage
Age	18–24	57	33.1
	25–30	84	48.8
	31-35	31	18.0
Gender	Male	117	68.0
	Female	55	32.0
Location	Jerusalem	58	33.7
	West Bank	80	46.5
	Gaza	1	.6
	East Jerusalem	31	18.0
	Others	2	1.2
Educational Level	High school or below	55	32.0
	Diploma	36	20.9
	Bachelor's	63	36.6
	Master's +	18	10.5
Project size / Number of employees	0	3	1.7
	1	34	19.8
	2	61	35.5
	3	39	22.7
	4	23	13.4
	5	11	6.4
	10	1	.6
Project Type	Commercial	97	56.4
	Industrial	44	25.6
	Agricultural	7	4.1
	Technological	15	8.7
	Touristic	9	5.2

4.2 Reliability Analysis

Reliability analysis is performed within the scope of this study to evaluate the consistency of questionnaire items for a given construct. This process is to ascertain the measurement scales for the primary constructs are invariant and reliable across multiple items. The

overall scale and each of the subscales was analyzed for reliability by calculating Cronbach's Alpha coefficient. Strong internal consistency of a scale is suggested by a high value of Cronbach's Alpha indicating the items within the scale accurately measure the underlying construct. The findings of this analysis bolster the confidence in the questionnaire data for prior statistical analysis and interpretation. This is demonstrated in the results found in Table 3.

Table 4.2: Reliability Statistics of the Questionnaire Items

Cronbach's Alpha	N of Items
.963	61

The reliability analysis of the questionnaires showed a high Cronbah's Alpha coefficient of 0.963 for the 61 items, indicating the internal consistency of the survey items is excellent. It shows that the measuring instrument for the constructs in the study is dependable, and that the responses received across the items are congruent.

Also, the item-level reliability statistics associated with the survey instrument utilized in this study are given in Table 4. For each survey item, important metrics, including the mean and variance of the scale if an item is omitted, the corrected item-total correlation, and the Cronbach's Alpha if item x is omitted are computed. These statistics inform of the internal consistency of individual items and help in detecting any item that could diminish the overall reliability of the scale.

Table 4.3 -a: Item-Level Reliability Statistics for the Survey

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
EI1. I have a concrete plan to start a business within the next two years	215.52	1478.097	.613	.963
EI2. I frequently explore and evaluate new business ideas	215.71	1486.502	.581	.963
EI3. I am motivated to create value through entrepreneurship, even if income is delayed	215.81	1485.424	.576	.963
EI4. I am confident that I will become an entrepreneur	215.84	1492.056	.480	.963
AR1. I have access to financial support such as loans, grants, or investors	216.14	1475.490	.565	.963
AR2. Mentorship and incubation programs are accessible to me	216.26	1475.427	.620	.963
AR3. I can find skilled partners, employees, or collaborators easily	216.13	1474.823	.605	.963
AR4. I have reliable access to information and legal services to support a startup	216.29	1468.561	.654	.962
ES1. I can conduct feasibility studies and market research	215.81	1479.041	.621	.963
ES2. I understand how to create and manage business plans	215.89	1490.064	.561	.963

Table 4.3 -b: Item-Level Reliability Statistics for the Survey

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach 's Alpha if Item Deleted
ES3. I know how to manage operational and financial processes (e.g., taxes, payroll, budgeting)	215.94	1490.463	.548	.963
ES4. I am familiar with local regulations for legally starting and protecting a business	216.00	1483.574	.595	.963
SA1. I have already started or co-founded a business or project	215.98	1475.331	.618	.963
SA2. I actively seek opportunities to earn independently (e.g., freelancing, online sales)	215.86	1496.757	.462	.963
SA3. I participate in entrepreneurship-related activities (e.g., bootcamps, hackathons)	216.12	1482.945	.569	.963
SA4. I follow content and news related to startups and innovation	216.13	1487.687	.541	.963
RA1. I am comfortable investing personal savings into my business ideas	215.78	1488.361	.554	.963
RA2. I view failure as a learning opportunity and would try again	215.84	1501.866	.443	.963
RA3. I am willing to take calculated risks if the potential reward is high	215.93	1488.883	.563	.963
RA4. I can adapt my business strategy if initial plans do not work	215.88	1494.133	.541	.963
IN1. I regularly develop or test new business ideas or products	215.77	1475.243	.658	.962
IN2. My business or project offers something unique to the local market	216.00	1492.402	.553	.963
IN3. I enjoy solving problems in creative and unconventional ways	215.90	1489.073	.572	.963
ED1. My education included practical entrepreneurship content (e.g., business simulations, internships)	216.09	1474.318	.614	.963
ED2. I have attended specialized entrepreneurship workshops or training	216.26	1480.311	.592	.963
ED3. My academic program is closely related to business or innovation	216.38	1473.455	.611	.963
SK1. I have strong communication and negotiation skills	215.76	1500.501	.442	.963
SK2. I am proficient in digital tools and technology relevant to my business	215.96	1503.490	.400	.963
SK3. I can lead a team and delegate tasks effectively	215.76	1500.125	.471	.963
AGE1. My age is an advantage when pursuing entrepreneurship.	215.82	1497.061	.481	.963
AGE2. I have the maturity and life experience needed to run a business.	215.90	1505.582	.425	.963
AGE3. People take me seriously as a business founder at my age.	215.82	1498.182	.474	.963
GEN1. My gender does not limit my entrepreneurial opportunities.	215.98	1500.059	.420	.963

Table4.3 -c: Item-Level Reliability Statistics for the Survey

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach 's Alpha if Item Deleted
GEN2. I have equal access to entrepreneurship resources regardless of my gender.	215.95	1492.696	.530	.963
GEN3. Society supports people of my gender in business leadership roles.	215.94	1500.896	.432	.963
EDU1. My level of education has prepared me for entrepreneurship.	215.95	1479.920	.611	.963
EDU2. I studied subjects that are directly useful for starting a business.	215.92	1484.426	.575	.963
EDU3. My academic background helps me make better business decisions.	215.98	1487.923	.550	.963
EMP1. My current employment status allows me to pursue entrepreneurship.	215.92	1488.686	.508	.963
EMP2. I feel financially secure enough to consider launching a business.	215.92	1486.810	.562	.963
EMP3. My work or study experience has contributed to my entrepreneurial mindset.	215.92	1491.153	.511	.963
GP1. There are transparent and accessible startup grants and funding schemes	216.51	1462.441	.556	.963
GP2. Business registration processes are simple and efficient	216.71	1475.899	.511	.963
GP3. Tax incentives for youth-led businesses are clear and reachable	216.84	1469.992	.584	.963
GP4. There is public investment in youth entrepreneurship programs	216.99	1473.858	.554	.963
YES1. Incubators and accelerators provide tailored mentorship and support	216.70	1470.933	.557	.963
YES2. Networking events help me connect with potential investors or partners	216.76	1468.149	.595	.963
YES3. Universities offer tangible support for student-led ventures (e.g., seed funds, innovation labs)	216.81	1474.749	.557	.963
YES4. There are local initiatives that promote youth entrepreneurship	216.77	1474.699	.540	.963
EC1. My business or project has created full-time or part-time employment.	215.67	1475.264	.676	.962
EC2. Startups in my community have reduced youth unemployment.	216.02	1488.023	.518	.963
EC3. Entrepreneurship has diversified the local job market.	215.98	1485.177	.541	.963
IBG1. Youth-led businesses have contributed to higher income levels.	215.86	1488.086	.552	.963
IBG2. There is visible growth in small and medium enterprises in my region.	215.91	1491.660	.515	.963
IBG3. Entrepreneurial activity has led to increased consumer spending.	216.04	1491.348	.478	.963
INF1. Entrepreneurial activities have improved digital access or service availability.	216.24	1488.930	.407	.963

Table 4.3 -d: Item-Level Reliability Statistics for the Survey

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
INF2. There have been upgrades in local infrastructure due to economic growth.	216.47	1492.499	.410	.963
INF3. Entrepreneurship has enhanced quality of life in my community.	216.30	1491.170	.399	.963
II1. Local startups attract external investments (e.g., diaspora, foreign investors).	215.97	1479.094	.637	.963
II2. Innovative technologies are being developed or adopted by young entrepreneurs.	216.11	1484.604	.579	.963
II3. Palestinian startups are expanding regionally or internationally.	216.19	1478.450	.601	.963

As illustrated in table 4, all the items exhibit strong corrected item-total correlations, predominantly above 0.40. This demonstrates that each item correlates with the overall scale and meaningfully contributes to the construct in question. The measure of internal consistency of the scale, Cronbach's Alpha if item deleted, remains high (≈ 0.963) suggesting that no single item would be removed to improve internal consistency. This highlights the strength and dependability of the questionnaire within the multifaceted domains of entrepreneurial intentions, resource accessibility, pertinent skills, risk attitudes, and youth entrepreneurship outcomes in the context of the study.

4.3 Exploratory Factor Analysis (EFA) for Validity Testing

Exploratory Factor Analysis (EFA) is used for assessing construct validity, which is performed through a measurement instrument by establishing the underlying factor configuration among the observed variables. EFA reveals whether the items form coherent factors aligned with theoretical expectations, confirming the validity of the dimensions measured by the scale.

EFA is preceded by evaluating sample adequacy, data suitability, and the sample size using the KMO Measure of Sampling Adequacy and Bartlett's Test of Sphericity. A KMO value exceeding 0.7 with a significant Bartlett's test ($0.05 < p$) confirmed factor analysis as appropriate for the dataset.

The factor extraction was performed using Principal Component Analysis (PCA) with varimax rotation. Factors with eigenvalues exceeding 1 were retained while items with loadings of 0.4 and above on a factor were deemed significant for that construct. This step confirmed the construct validity of the instrument that was confirmed by the items representing the factors they were intended to represent.

Exploratory Factor Analysis (EFA) was performed using IBM SPSS Statistics 25 to assess the factor structure of the study constructs and confirm construct validity. This technique seeks latent variables that can account for the observed correlations among the items. This technique is useful in studies that gather data through self-reported questionnaires (Hair et al., 2020).

4.3.1 Test for Kaiser-Meyer-Olkin Measure & Bartlett's Test of Sphericit:

The Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy is crucial in diagnosing factors in data selection for sampling adequacy in participant data collection and is primarily designed to ward off error. It accesses how far the variables are interrelated plus whether the correlation matrix is fit for structure checking (Kaiser, 1974). More specifically, the KMO statistic evaluates how the observed correlation coefficients relate to the partial correlation coefficients which in turn indicates the reliability and compactness of patterns of correlations (Field, 2018). As a rule of thumb, KMO values range from 0 to 1. Without getting into mathematical formulas, lower values represent lower sampling adequacy with values nearing 1 denoting higher sampling adequacy. Presumably anything above 0.6 is usable for factor analysis (Kaiser, 1974). In more simpler terms, values that are below 0.5 indicate that there are significant chances that factors might not be extractable owing to the lack of shared variance due to insufficient number of variables (Hair et al., 2020). In summary, performing the KMO test before exploratory factor analysis (EFA) provides a good measure of the trustworthiness of the solution. And also, Bartlett's Test Sphericity is a statistical technique applied to test the null hypothesis that the correlation matrix is equivalent to an identity matrix, which implies lack of correlation of the variables and thus, unsuitability for factor analysis (Bartlett, 1950). A significant finding, that is, p-value less than 0.05, indicates that the correlations among the variables are adequate for factor analysis (Field, 2018). In other words, Bartlett's test checks if intercorrelation between the variables under consideration is sufficient to employ exploratory factor analysis (EFA) or principal component analysis (PCA) (Hair et al. 2019). Its usefulness is remarkable when it is combined with the Kaiser-Meyer-Olkin (KMO) Measures, since together these tests form a strong framework for evaluation of factorability of the data (Pallant, 2020). Absence of significance points towards the conclusion that the correlation matrix is close to an identity matrix suggesting that factor analysis is likely to be futile.

Table 4.4: Interpretation of KMO values

KMO Value	Interpretation
0.90 to 1.00	Marvelous
0.80 to 0.89	Meritorious
0.70 to 0.79	Middling
0.60 to 0.69	Mediocre
0.50 to 0.59	Miserable
Below 0.50	Unacceptable (factor analysis likely not appropriate)

4.3.2 Test Results for Kaiser-Meyer-Olkin Measure & Bartlett's Test of Sphericit:

Exploratory factor analysis (EFA) was conducted only after testing the appropriateness of the dataset using the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy alongside Bartlett’s Test of Sphericity for every variable set. The independent variables pertaining to youth entrepreneurship (20 items: EI1 to RA4) showed a strong level of sampling adequacy with a KMO value of 0.898. Additionally, Bartlett’s Test of Sphericity was

significant ($\chi^2(190) = 2181.579$, $p < .001$), demonstrating that the degree of correlation among the items was adequate for factor analysis.

Mediating variables of contextual factors (28 items: IN1 to EMP3) also showed excellent appropriateness for factor analysis with KMO value of .906 and Bartlett's test ($\chi^2(210) = 1954.367$, $p < .001$) being significant. With regard to the other supporting policies and ecosystem auxiliary mediating variables (8 items: GP1 to YES4), these variables also yielded KMO value of .929, considered outstanding along with significant Bartlett's test ($\chi^2(28) = 1629.642$, $p < .001$). Lastly, for the dependent variables assessing economic development and competitiveness (12 items: EC1 to II3) yielded a KMO value of .884 which is meritorious along with significant Bartlett's Test of Sphericity ($\chi^2(66) = 1452.599$, $p < .001$), supporting adequacy of data for factor analysis.

Table 4.5: Summary of KMO and Bartlett's Test Results for All Variable Groups

Variable Group	KMO Measure	Bartlett's Chi-Square	df	Sig.
Independent Variables – Youth Entrepreneurship (EI1 to RA4)	0.898	2181.579	190	.000
Mediating Variables – Contextual Factors (IN1 to EMP3)	0.906	1954.367	210	.000
Moderating Variables – Policies and Ecosystem Support (GP1 to YES4)	0.929	1629.642	28	.000
Dependent Variables – Economic Development and Competitiveness (EC1 to II3)	0.884	1452.599	66	.000

Factor extraction was performed using Principal Component Analysis (PCA) which follows the eigenvalue-greater-than-one rule to establish the number of components for each variable group. From the 20 items representing the independent variables measuring youth entrepreneurship, five factors were extracted that described 72.05% of the total variance. This result reflects a multidimensional construct capturing various facets of youth entrepreneurship. The moderating variables representing the contextual factors (28 items) also produced a five-factor solution extracted to reflect the core dimensions of education, innovation, demographic characteristics, and skills. It is worth noting the impact of the first factor which alone captured nearly half of the variance. In contrast, the mediation variables relating to supporting policies and ecosystem (8 items) resulted in a single-factor solution explaining 81.06% of their total variance, indicating a highly consolidated construct. Lastly, for the dependent variables concerning economic development and competitiveness (12 items), a two-factor solution with eigenvalues over one was obtained explaining 70.48% of the total variance. The application of rotation methods increased further clarity and balance to the distribution of variance within the factor structure improving interpretability.

4.3.3 Normality Testing:

The prerequisite of normality for all observed variables within AMOS no earlier than SEM procedures was checked. The Kolmogorov-Smirnov and Shapiro-Wilk tests were employed to check each item's univariate normality within the framwork of independent, moderating, mediating, and dependent variables constructed for the study.

As shown in table 4.4 all items were statistically proven to violate the normality assumption with $p < .001$ on both tests. Take for example the Shapiro-Wilk EI1 test ($W = 0.719$, $p < 0.001$), ES2 ($W = 0.835$, $p < 0.001$) and II1 ($W = 0.861$, $p < 0.001$) showing significant Shapiro tests on univariate normaly. This was a universal trend for all 56 items processed.

In the case of AMOS, violations of multivariate normality for model fits would seriously affect the accuracy of calculated parameters and standard errors due to its reliance on the maximum likelihood estimation approach (MLE). To ensure that parameter estimates were derived with great certainty and precision, the study incorporated bootstrapping within AMOS. Bootstrapping is a non-parametric resampling technique that is advantageous in estimating standard errors and confidence intervals without reliance on normality.

This study has extracted BC (bias-corrected) confidence intervals using 2,000 bootstrap samples which improves the dependability of path coefficients, standard errors, and model fit indices even in non-normal circumstances.

Therefore, despite the violation of normality assumptions, AMOS's bootstrapping feature offers a valid justification for moving forward with SEM analysis.

Table 4.6-a: Normality testing using Kolmogorov-Smirnov and Shapiro-Wilk

Variables	**Kolmogorov-Smirnova**			**Shapiro-Wilk**		
	Statistic	df	Sig.	Statistic	df	Sig.
EI1. I have a concrete plan to start a business within the next two years	.328	158	.000	.719	158	.000
EI2. I frequently explore and evaluate new business ideas	.249	158	.000	.825	158	.000
EI3. I am motivated to create value through entrepreneurship, even if income is delayed	.223	158	.000	.843	158	.000
EI4. I am confident that I will become an entrepreneur	.255	158	.000	.843	158	.000
AR1. I have access to financial support such as loans, grants, or investors	.223	158	.000	.860	158	.000
AR2. Mentorship and incubation programs are accessible to me	.231	158	.000	.885	158	.000
AR3. I can find skilled partners, employees, or collaborators easily	.234	158	.000	.870	158	.000
AR4. I have reliable access to information and legal services to support a startup	.227	158	.000	.884	158	.000
ES1. I can conduct feasibility studies and market research	.240	158	.000	.836	158	.000
ES2. I understand how to create and manage business plans	.284	158	.000	.835	158	.000
ES3. I know how to manage operational and financial processes (e.g., taxes, payroll, budgeting)	.274	158	.000	.862	158	.000

Table 4.6-b: Normality testing using Kolmogorov-Smirnov and Shapiro-Wilk

Variables	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
ES4. I am familiar with local regulations for legally starting and protecting a business	.265	158	.000	.864	158	.000
SA1. I have already started or co-founded a business or project	.230	158	.000	.853	158	.000
SA2. I actively seek opportunities to earn independently (e.g., freelancing, online sales)	.255	158	.000	.855	158	.000
SA3. I participate in entrepreneurship-related activities (e.g., bootcamps, hackathons)	.238	158	.000	.879	158	.000
SA4. I follow content and news related to startups and innovation	.236	158	.000	.878	158	.000
RA1. I am comfortable investing personal savings into my business ideas	.268	158	.000	.837	158	.000
RA2. I view failure as a learning opportunity and would try again	.251	158	.000	.848	158	.000
RA3. I am willing to take calculated risks if the potential reward is high	.275	158	.000	.859	158	.000
RA4. I can adapt my business strategy if initial plans do not work	.292	158	.000	.840	158	.000
IN1. I regularly develop or test new business ideas or products	.225	158	.000	.833	158	.000
IN2. My business or project offers something unique to the local market	.259	158	.000	.879	158	.000
IN3. I enjoy solving problems in creative and unconventional ways	.220	158	.000	.869	158	.000
ED1. My education included practical entrepreneurship content (e.g., business simulations, internships)	.263	158	.000	.852	158	.000
ED2. I have attended specialized entrepreneurship workshops or training	.239	158	.000	.885	158	.000
ED3. My academic program is closely related to business or innovation	.177	158	.000	.894	158	.000
SK1. I have strong communication and negotiation skills	.224	158	.000	.859	158	.000
SK2. I am proficient in digital tools and technology relevant to my business	.239	158	.000	.882	158	.000
SK3. I can lead a team and delegate tasks effectively	.238	158	.000	.856	158	.000
AGE1. My age is an advantage when pursuing entrepreneurship.	.254	158	.000	.858	158	.000
AGE2. I have the maturity and life experience needed to run a business.	.261	158	.000	.867	158	.000

Table 4.6-c: Normality testing using Kolmogorov-Smirnov and Shapiro-Wilk

Variables	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
AGE3. People take me seriously as a business founder at my age.	.233	158	.000	.860	158	.000
GEN1. My gender does not limit my entrepreneurial opportunities.	.230	158	.000	.875	158	.000
GEN2. I have equal access to entrepreneurship resources regardless of my gender.	.253	158	.000	.870	158	.000
GEN3. Society supports people of my gender in business leadership roles.	.223	158	.000	.865	158	.000
EDU1. My level of education has prepared me for entrepreneurship.	.215	158	.000	.870	158	.000
EDU2. I studied subjects that are directly useful for starting a business.	.220	158	.000	.866	158	.000
EDU3. My academic background helps me make better business decisions.	.194	158	.000	.880	158	.000
EMP1. My current employment status allows me to pursue entrepreneurship.	.243	158	.000	.861	158	.000
EMP2. I feel financially secure enough to consider launching a business.	.231	158	.000	.874	158	.000
EMP3. My work or study experience has contributed to my entrepreneurial mindset.	.232	158	.000	.871	158	.000
GP1. There are transparent and accessible startup grants and funding schemes	.196	158	.000	.820	158	.000
GP2. Business registration processes are simple and efficient	.260	158	.000	.837	158	.000
GP3. Tax incentives for youth-led businesses are clear and reachable	.175	158	.000	.878	158	.000
GP4. There is public investment in youth entrepreneurship programs	.194	158	.000	.867	158	.000
YES1. Incubators and accelerators provide tailored mentorship and support	.229	158	.000	.862	158	.000
YES2. Networking events help me connect with potential investors or partners	.189	158	.000	.877	158	.000
YES3. Universities offer tangible support for student-led ventures (e.g., seed funds, innovation labs)	.197	158	.000	.879	158	.000
YES4. There are local initiatives that promote youth entrepreneurship	.213	158	.000	.864	158	.000
EC1. My business or project has created full-time or part-time employment.	.250	158	.000	.799	158	.000

Table 4.6-d: Normality testing using Kolmogorov-Smirnov and Shapiro-Wilk

Variables	Kolmogorov-Smirnova			Shapiro-Wilk		
	Statistic	df		Statistic	df	
EC2. Startups in my community have reduced youth unemployment.	.242	158	.000	.873	158	.000
EC3. Entrepreneurship has diversified the local job market.	.215	158	.000	.868	158	.000
IBG1. Youth-led businesses have contributed to higher income levels.	.262	158	.000	.849	158	.000
IBG2. There is visible growth in small and medium enterprises in my region.	.218	158	.000	.873	158	.000
IBG3. Entrepreneurial activity has led to increased consumer spending.	.229	158	.000	.875	158	.000
INF1. Entrepreneurial activities have improved digital access or service availability.	.247	158	.000	.848	158	.000
INF2. There have been upgrades in local infrastructure due to economic growth.	.208	158	.000	.888	158	.000
INF3. Entrepreneurship has enhanced quality of life in my community.	.234	158	.000	.867	158	.000
II1. Local startups attract external investments (e.g., diaspora, foreign investors).	.265	158	.000	.861	158	.000
II2. Innovative technologies are being developed or adopted by young entrepreneurs.	.226	158	.000	.888	158	.000
II3. Palestinian startups are expanding regionally or internationally.	.229	158	.000	.881	158	.000
a. Lilliefors Significance Correction						

4.4 Confirmatory Factor Analysis and Descriptive Statistics

Confirmatory Factor Analysis (CFA) is one of the most popular methods of CFA within the larger practice of Structural Equation Modeling (SEM) used to confirm or validate the relationships between certain observable variables and their corresponding latent constructs. With CFA, researchers have the opportunity to attempt testing how well a given measurement model is hypothesized to fit the data within a context of existing theories or literature (Brown, 2015). With CFA, researchers are able to assess how well their theoretical constructs are captured in the data, thus allowing them to strengthen the construct validity of the measurement instruments used.

Model fit is assessed using a variety of goodness-of-fit indices, each offering different insights into the adequacy of the model. Commonly reported indices include the Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA), and Standardized Root Mean Square Residual (SRMR) (Kline,

2015). These indices help determine whether the model structure replicates the relationships among the captured data.

As far as CFA is concerned, alongside numerical descriptions of the dataset, other variables of interest such as measures of central tendency are equally important for CFA as they frame describe portions of the data as compact summaries, which is the work of descriptive statistics. Graphical and numerical summaries of data provide an important starting point for analysis (McClave, Benson, & Sincich, 2018).

Reporting at least one fit index from each category of model evaluation—absolute fit, incremental fit, and parsimonious fit—for evaluation and interpretation is best practice within SEM (Byrne, 2009). The primary model fit indices, their categories, recommended values, and key literature references are summarized in Table 5.

Table 4.7: Summary of Model Fit Indices in SEM: Categories, Thresholds, and References

Fit Index	**Category**	**Acceptable Threshold**
Chi-Square (χ^2)	Absolute Fit	Non-significant ($p > .05$); sensitive to sample size
RMSEA (Root Mean Square Error of Approximation)	Absolute Fit	< .05 (excellent), < .08 (acceptable)
CFI (Comparative Fit Index)	Incremental Fit	≥ .95 (good), ≥ .90 (acceptable)
GFI (Goodness-of-Fit Index)	Absolute Fit	≥ .90
PNFI (Parsimony Normed Fit Index)	Parsimonious Fit	No strict cutoff; higher values indicate better fit
PGFI (Parsimony Goodness-of-Fit Index)	Parsimonious Fit	No strict cutoff; higher values indicate better fit

4.4.1 Confirmatory Factor Analysis and Descriptive Statistics for Dependent Variable (Youth Entrepreneurship):

To understand the factors that contribute to youth entrepreneurship, EFA was applied using Maximum Likelihood extraction with Varimax rotation. The results confirmed the appropriateness of the data with a KMO of 0.884 and a significant Bartlett's Test of Sphericity ($\chi^2 = 1471.584$, $df = 78$, $p < .001$). Three factors were extracted in total, which aligned with the conceptual framework of entrepreneurial intentions, entrepreneurial skills and knowledge, along with access to resources and explained 66.07% of the total variance.

Confirmatory Factor Analysis (CFA) evaluates how well observed variables represent the theoretical constructs derived from previous knowledge and hypotheses. In this study, sustainable financial growth was constructed and its measurement model is illustrated in Figure 2.

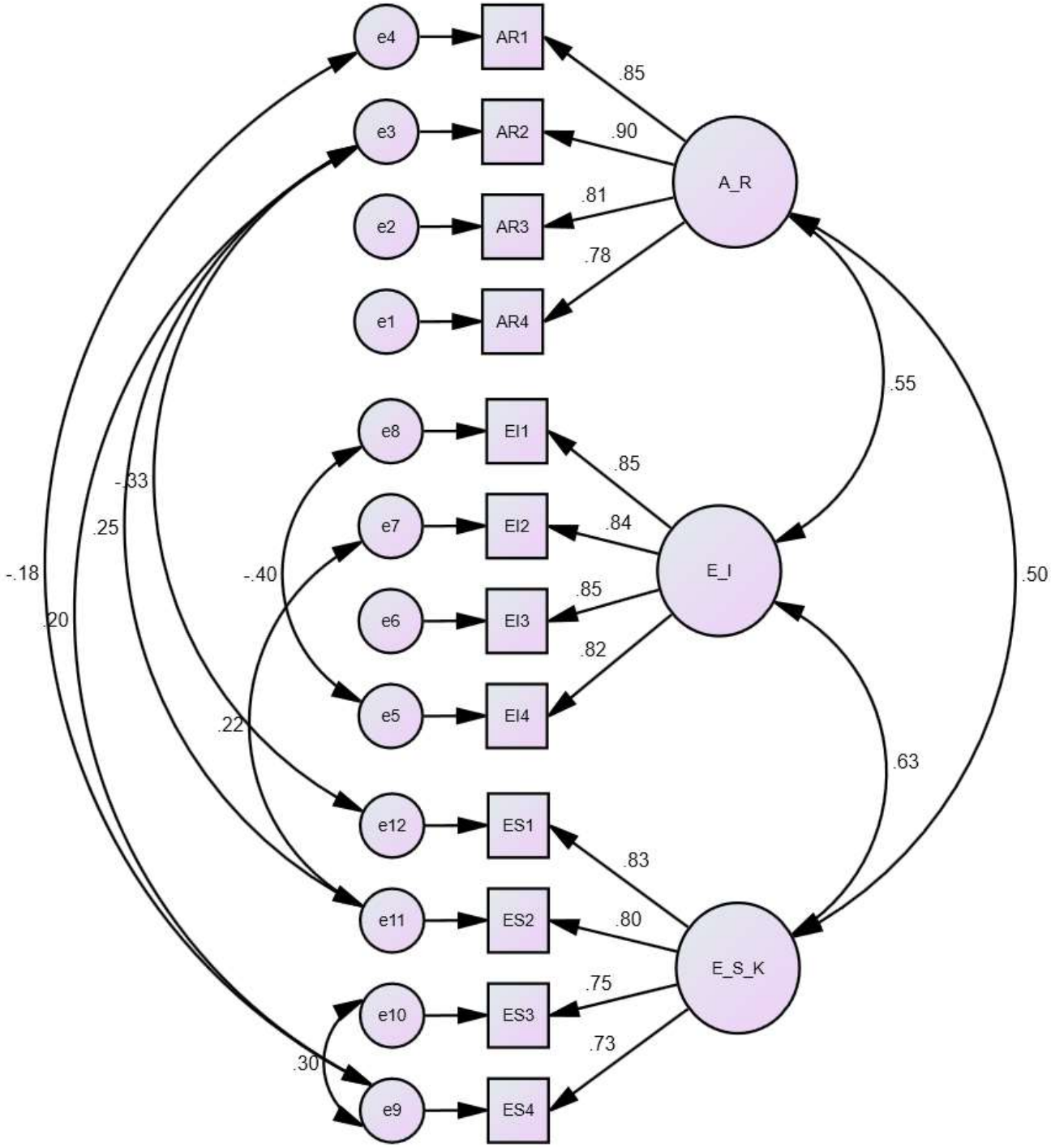

Figure 4.1: Confirmatory Factor Analysis diagram for the Independent Variable – Youth Entrepreneurship

Source: (Prepared by the researcher using AMOS software)

This analysis was validated through CFA performed in AMOS which confirmed the model's structure. The model demonstrated strong fit based on widely accepted goodness-of-fit indices, as shown in the table 6 below:

Table 4.8: Summary of CFA Model Fit Indices for the Dependent Variable (Youth Entrepreneurship)

Fit Index	Model Value	Threshold	Interpretation
χ^2	58.435	$p > 0.05$	Acceptable
RMSEA	0.044	≤ 0.06	Excellent fit
CFI	0.989	≥ 0.95	Excellent fit
GFI	0.944	≥ 0.90	Good fit
PNFI	0.639	≥ 0.50	Acceptable parsimony
PGFI	0.533	≥ 0.50	Acceptable parsimony

The outcomes obtained from analysis confirm that the suggested measurement model is valid and reliable concerning the constructs, thereby permitting its use in the subsequent Structural Equation Modeling (SEM) analysis.

However, the descriptive analysis of the independent variable Youth Entrepreneurship was carried out by calculating the mean and standard deviation for each item across its three core dimensions: Entrepreneurial Intentions, Entrepreneurial Skills and Knowledge, and Access to Resources. The results reveal that participants generally exhibit a moderately high level of entrepreneurial intention, with all four items scoring above the midpoint (3.00) and falling within the "Usually" response category. Notably, the item "I have a concrete plan to start a business within the next two years" recorded the highest mean (M = 4.15, SD = 1.18), reflecting a strong proactive mindset among youth toward entrepreneurship. Similarly, items such as "I frequently explore new business ideas" and "I am confident that I will become an entrepreneur" also yielded high average scores (M = 3.94 and M = 3.84, respectively), indicating a positive outlook and strong motivational orientation toward entrepreneurial endeavors, as shown in table 7.

In the dimension of Entrepreneurial Skills and Knowledge, all items were also rated within the "Usually" range, suggesting that participants possess a fair degree of familiarity with core entrepreneurial competencies. The highest-rated skill was the ability to conduct market research and feasibility studies (M = 3.86, SD = 1.14), followed by the ability to create and manage business plans (M = 3.77) and knowledge of operational and financial management processes (M = 3.73). However, the lowest item within this group pertained to familiarity with legal regulations (M = 3.67), which, while still moderately high, suggests an area where additional training or support may be beneficial.

The third dimension, Access to Resources, demonstrated slightly lower mean scores compared to the other two dimensions, indicating limited but not entirely absent access. Two items "I can find skilled partners or collaborators easily" and "I have access to financial support" both received identical mean values (M = 3.53), reflecting moderate confidence in securing human and financial capital. In contrast, access to mentorship programs (M = 3.40) and legal/informational support (M = 3.39) were rated in the "Sometimes" category, highlighting potential systemic barriers to support services.

In summary, the statistical results from the descriptive analysis indicate that while Palestinian youth demonstrate strong entrepreneurial intentions and possess a foundational

level of entrepreneurial knowledge and skills, their actual access to critical startup resources remains constrained. These findings provide a data-driven basis for subsequent confirmatory and structural modeling and highlight key areas for policy and capacity development.

Table 4.9: Differences Distinguishing Independent Variable – Youth Entrepreneurship

Entrepreneurial Intentions				
Order	**Statement**	**Mean**	**S.D.**	**Level**
EI1	I have a concrete plan to start a business within the next two years	4.15	1.18	Usually
EI2	I frequently explore and evaluate new business ideas	3.94	1.06	Usually
EI3	I am motivated to create value through entrepreneurship, even if income is delayed	3.87	1.08	Usually
EI4	I am confident that I will become an entrepreneur	3.84	1.11	Usually
Entrepreneurial Skills and Knowledge				
ES1	I can conduct feasibility studies and market research	3.86	1.14	Usually
ES2	I understand how to create and manage business plans	3.77	1.00	Usually
ES3	I know how to manage operational and financial processes (e.g., taxes, payroll, budgeting)	3.73	1.01	Usually
ES4	I am familiar with local regulations for legally starting and protecting a business	3.67	1.08	Usually
Access to Resources				
AR3	I can find skilled partners, employees, or collaborators easily	3.53	1.244	Usually
AR1	I have access to financial support such as loans, grants, or investors	3.53	1.313	Usually
AR2	Mentorship and incubation programs are accessible to me	3.40	1.207	Sometimes
AR4	I have reliable access to information and legal services to support a startup	3.39	1.273	Sometimes

4.4.2 Confirmatory Factor Analysis and Descriptive Statistics for Mediating Variables (Contextual Factors)

In order to investigate the context of the mediating variables of interest, an Exploratory Factor Analysis (EFA) was performed using Principal Component Analysis with Varimax rotation. The data showed high sampling adequacy (KMO = 0.906) and Bartlett's Test of Sphericity was significant ($\chi^2 = 1954.367$, df = 210, $p < .001$), indicating the data set was appropriate for factor analysis. Five factors were extracted that explained a total of 68.78% of the variance. In turn, these factors capture the contextual mediating variables that are Innovation and Creativity, Education and Training, Skills (Soft and Technical), and some key Demographic Variables which are Age, Gender, Education Level, and Employment Status.

Confirmatory Factor Analysis (CFA) evaluates how well observed variables represent the theoretical constructs derived from previous knowledge and hypotheses. In this study, contextual factors were constructed and its measurement model is illustrated in Figure3.

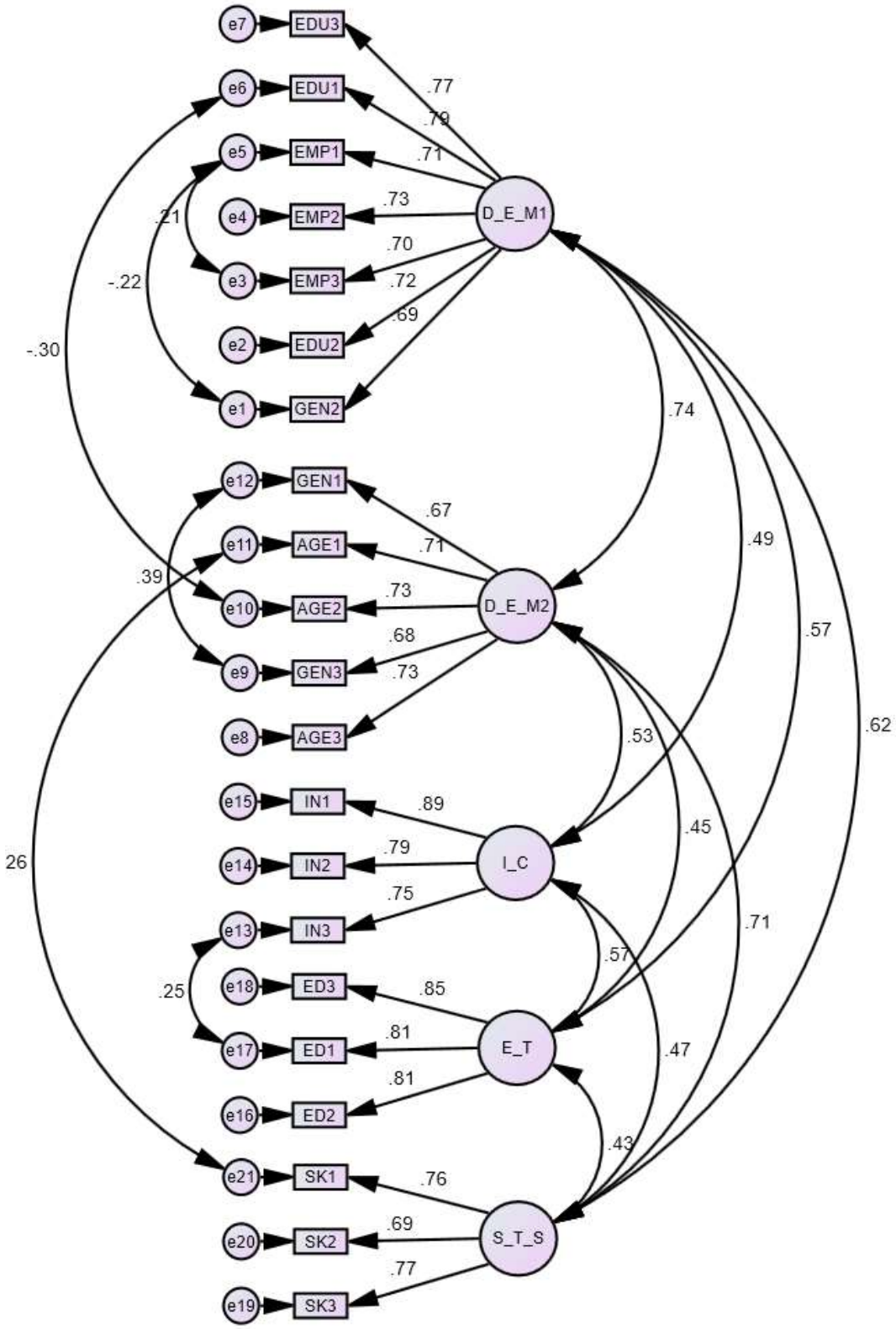

Figure 4.2: Confirmatory Factor Analysis Diagram for the Mediating Variables – Contextual Factors
Source: Prepared by the researcher using AMOS software

A Confirmatory Factor Analysis (CFA) of the contextual mediating variables, performed on a sample of 172 respondents, shows that the measurement model fits the data well. Importantly, the principal fit indices lie within accepted ranges, which further confirms that the construct is reliably captured. A summary of these statistics is presented in table 8:

Table 4.10: Summary of CFA Model Fit Indices for the Mediating Variables (Contextual Factors)

Fit Index	Model Value	Threshold	Interpretation
χ^2	222.481	$p > 0.05$	Acceptable
RMSEA	0.041	≤ 0.06	Excellent fit
CFI	0.973	≥ 0.95	Excellent fit
GFI	0.897	≥ 0.90	Close to acceptable
PNFI	0.734	≥ 0.50	Acceptable parsimony
PGFI	0.672	≥ 0.50	Acceptable parsimony

The Results from the confirmatory factor analysis show that the measurement model for the contextual mediating variables fits the data well. In particular, the RMSEA of .041 and the CFI of .973 point to an excellent match, indicating that the model closely tracks the observed pattern of covariances. Although the chi-square statistic itself is significant ($p = .007$), it is widely acknowledged to react strongly to large samples and should not drive the overall assessment. The GFI of .897 falls just shy of the conventional cutoff, yet remains almost satisfactory. Likewise, both PNFI at .734 and PGFI at .672 exceed the minimal standards, suggesting that the model describes the data efficiently and with a relatively parsimonious set of parameters. Taken together, these findings lend strong support to the five-factor representation of the contextual moderators: Innovation and Creativity, Education and Training, Skills, Demographics, and Institutional Context.

Also, the descriptive statistics of the mediating contextual variables indicate generally positive perceptions across four main areas: Innovation and Creativity, Education and Training, Soft and Technical Skills, and Demographic Characteristics, as shown in table 9.

Responses for Innovation and Creativity clustered in the Often category, with the statement I regularly develop or test new business ideas or products recording the highest mean of 3.90 and I enjoy solving problems in creative and unconventional ways close behind at 3.76. Taken together, these scores imply that respondents see themselves as fairly inventive and comfortable tackling challenges with novel solutions.

Outcomes in the Education and Training domain were more tempered. The item My education included practical entrepreneurship content earned an Often rating at 3.58; in contrast, participation in specialized workshops received 3.41 and alignment of academic programs with business and innovation pulled only 3.30, placing them in the Sometimes range. These patterns suggest that while some real-world educational elements are present, significant room remains to strengthen formal preparation for entrepreneurial activity.

Participants rated their competencies quite strongly, with communication, negotiation, and team leadership skills topping the list at a mean of 3.91. Familiarity with key digital tools

also scored well at 3.70, reinforcing the idea that many respondents view themselves as armed with basic skills needed to start and manage ventures.

When it comes to demographics—factors like age, gender, education, and current job status—the ratings hovered around the "Usually" category for every item. The item most praised was, "My age is an advantage when pursuing entrepreneurship," which scored 3.86, indicating that younger respondents tend to see their youth as a plus. Gender-related questions fared similarly, with scores between 3.70 and 3.73, suggesting that both men and women believe opportunities and support are roughly equal.

Taken together, the data in Table 9 show that Palestinian youth feel fairly well-equipped in creativity, soft and technical skills, and demographic backing for entrepreneurship. Still, targeted educational programs and hands-on training could boost their confidence further and prepare them better to launch and sustain new ventures.

Table 4.11-a: Differences Distinguishing Mediating Variables – Contextual Factors

Innovation & Creativity				
Order	**Statement**	**Mean**	**S.D.**	**Level**
IN1	I regularly develop or test new business ideas or products	3.90	1.148	Usually
IN3	I enjoy solving problems in creative and unconventional ways	3.76	1.014	Usually
IN2	My business or project offers something unique to the local market	3.67	.954	Usually
Education & Training				
ED1	My education included practical entrepreneurship content (e.g., business simulations, internships)	3.58	1.237	Usually
ED2	I have attended specialized entrepreneurship workshops or training	3.41	1.149	Sometimes
ED3	My academic program is closely related to business or innovation	3.30	1.261	Sometimes
Skills (Soft and Technical)				
SK1	I have strong communication and negotiation skills	3.91	.960	Usually
SK3	I can lead a team and delegate tasks effectively	3.91	.910	Usually
SK2	I am proficient in digital tools and technology relevant to my business	3.70	.961	Usually

Table 4.11-b: Differences Distinguishing Mediating Variables – Contextual Factors

Demographic (Age, Gender, Education Level, Employment Status)				
AGE1	My age is an advantage when pursuing entrepreneurship.	3.86	.96	Usually
AGE3	People take me seriously as a business founder at my age.	3.84	.97	Usually
AGE2	I have the maturity and life experience needed to run a business.	3.77	.85	Usually
EMP1	My current employment status allows me to pursue entrepreneurship.	3.75	1.13	Usually
EMP2	I feel financially secure enough to consider launching a business.	3.75	1.07	Usually
EMP3	My work or study experience has contributed to my entrepreneurial mindset.	3.75	1.06	Usually
EDU2	I studied subjects that are directly useful for starting a business.	3.75	1.09	Usually
GEN3	Society supports people of my gender in business leadership roles.	3.73	.97	Usually
EDU1	My level of education has prepared me for entrepreneurship.	3.72	1.13	Usually
GEN2	I have equal access to entrepreneurship resources regardless of my gender.	3.71	.99	Usually
GEN1	My gender does not limit my entrepreneurial opportunities.	3.70	1.02	Usually
EDU3	My academic background helps me make better business decisions.	3.69	1.06	Usually

4.4.3 Confirmatory Factor Analysis and Descriptive Statistics for Moderating Variables (Policies and Ecosystem Support)

To investigate the structural characteristics of the moderating variables connected to policies and ecosystem support, an Exploratory Factor Analysis (EFA) based on Principal Component Analysis was undertaken. Sampling adequacy proved to be excellent, as reflected in a Kaiser-Meyer-Olkin value of 0.929, well above the typical cut-off of 0.60. In addition, Bartlett's Test of Sphericity was statistically significant $x2 = 1658.895$, $df = 28$, $p < .001$, reinforcing the conclusion that the dataset meets the assumptions required for factor analysis.

The factor solution showed a single, clear component with an eigenvalue of 6.489, accounting for 81.11 percent of total variance; this finding points to a largely unidimensional structure among the moderating variables. Such a strong pattern of factor loadings suggests high internal coherence, supporting the idea that these items together capture policy and ecosystem support as a consistent, unified construct.

Confirmatory Factor Analysis (CFA) evaluates how well observed variables represent the theoretical constructs derived from previous knowledge and hypotheses. In this study, policies and ecosystem support were constructed and its measurement model is illustrated in Figure4.

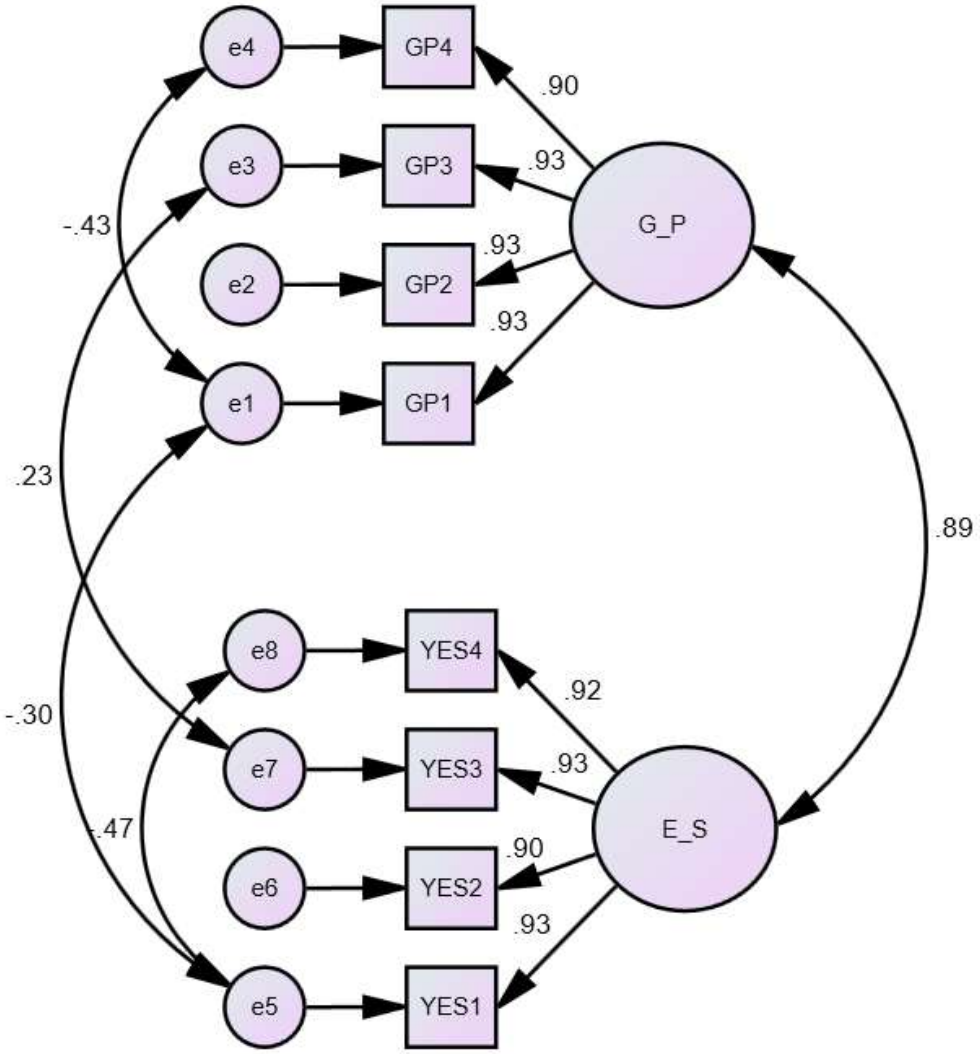

Figure 4.3 : Confirmatory Factor Analysis Diagram for the Mediating Variables – Policies and Ecosystem Support

Source: Prepared by the researcher using AMOS software

Table 4.12: Summary of CFA Model Fit Indices for the moderating Variables (Policies and Ecosystem Support)

Fit Index	Model Value	Threshold	Interpretation
χ^2	21.789	$p > 0.05$	Acceptable
RMSEA	0.051	≤ 0.06	Excellent Fit
CFI	0.996	≥ 0.95	Excellent Fit
GFI	0.971	≥ 0.90	Excellent Fit
PNFI	0.529	≥ 0.50	Acceptable Parsimony
PGFI	0.405	≥ 0.50 (desirable)	Marginal Parsimony

The confirmatory factor analysis (CFA) carried out for the moderating variables model, which examines Policies and Ecosystem Support, showed good agreement with the observed data. The chi-square test came back non-significant ($\chi^2 = 21.789$, df = 15, $p = 0.113$), suggesting that the hypothesized paths fit almost as closely as could be hoped. Supporting this, the RMSEA dropped to 0.051, the CFI climbed to 0.996, and the GFI reached 0.971, all pointing to an excellent overall fit. Although the PGFI is just shy of its usual benchmark, the PNFI still signals that the model is parsimonious enough. Taken together, the indices lend strong credence to the structural validity of the moderating variables in the framework.

The descriptive statistics in table 11 shown that the participants, on average, rated all items under the Government Policies construct between 2.69 and 3.17, suggesting they perceive government policies supporting youth entrepreneurship in a lukewarm manner at best. The highest-rated policy is the availability of transparent and accessible funding schemes (M = 3.17), while the lowest is public investment in youth entrepreneurship programs (M = 2.69). This shows an insufficient, yet moderate, policy framework.

Also, the mean values for Ecosystem Support items ranging from 2.87 to 2.98 aligns with the "Sometimes" level, indicating moderate perception of ecosystem support among participants. Positive evaluations were given to Incubators and accelerators (YES1), but university and community initiatives rated lower than YES1. Nevertheless, no elements ranked high enough to demonstrate consistent or strong ecosystem support.

There is a systematic lack of policy and ecosystem-level support for youth entrepreneurship. While some areas show positive progress, such as the availability of funding and the provision of mentorship through incubators, the mean scores suggest the classic "midpoint" of the scale—interventions are poorly designed, unclear, or inaccessible.

This underscores the need for stronger government initiatives, clearer tax and investment incentives, and university-integrated support along with incubators and networks.

Table 4.13: Differences Distinguishing Moderating Variables – Policies and Ecosystem Support

Government Policies				
Order	**Statement**	**Mean**	**S.D.**	**Level**
GP1	There are transparent and accessible startup grants and funding schemes	3.17	1.624	Sometimes
GP2	Business registration processes are simple and efficient	2.96	1.436	Sometimes
GP3	Tax incentives for youth-led businesses are clear and reachable	2.84	1.388	Sometimes
GP4	There is public investment in youth entrepreneurship programs	2.69	1.386	Sometimes
Ecosystem Support				
YES1	Incubators and accelerators provide tailored mentorship and support	2.98	1.443	Sometimes
YES2	Networking events help me connect with potential investors or partners	2.91	1.407	Sometimes
YES4	There are local initiatives that promote youth entrepreneurship	2.90	1.392	Sometimes
YES3	Universities offer tangible support for student-led ventures (e.g., seed funds, innovation labs)	2.87	1.345	Sometimes

4.4.4 Confirmatory Factor Analysis and Descriptive Statistics for Dependent Variables – Economic Development and Competitiveness

Exploratory factor analysis (EFA) demonstrates that the dataset is suitable for factor analysis, indicated by high KMO (Kaiser-Meyer-Olkin) value of 0.885 and statistically significant Bartlett's Test of Sphericity ($\chi^2 = 1523.639$, $df = 66$, $p < .001$). Two principal components were extracted with eigenvalues greater than 1, together accounting for 70.26% of the total variance. Accounts after rotation yielded the first factor to explain 42.55% and the second 27.71%. These results indicate a robust interpretable two-factor structure for the dependent variables quantifying economic development and competitiveness. These findings highlight the possibility of two distinct but interrelated dimensions underlying the data.

Confirmatory Factor Analysis (CFA) evaluates how well observed variables represent the theoretical constructs derived from previous knowledge and hypotheses. In this study, economic development and competitiveness were constructed and its measurement model is illustrated in Figure5.

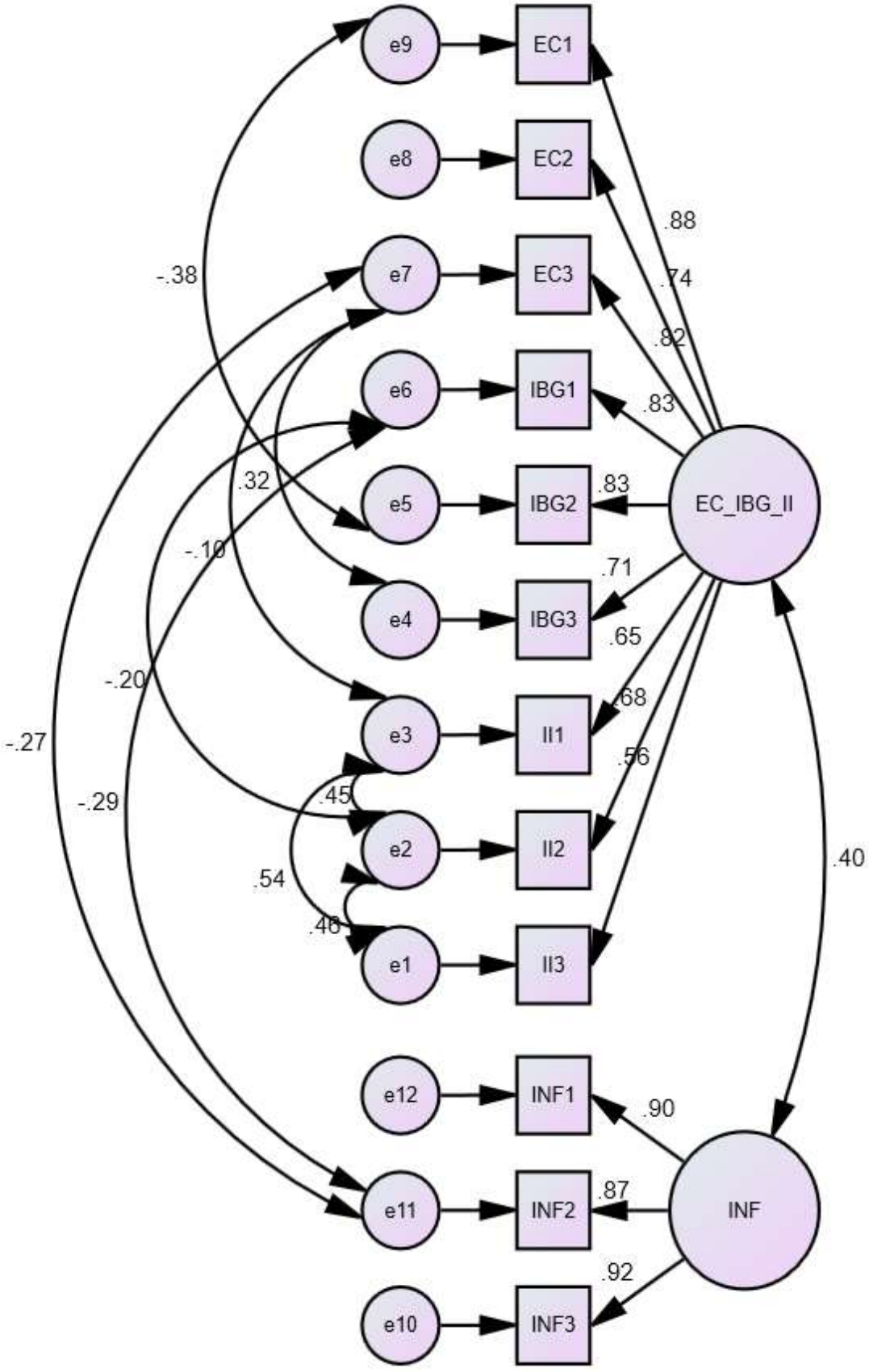

Figure 4.4 : Confirmatory Factor Analysis Diagram for the Dependent Variables – Economic Development and Competitiveness

Source: Prepared by the researcher using AMOS software

The model demonstrates evidence of acceptable fit in terms of a number of fit indices. The chi-square statistic is significant (χ^2 = 73.439, df = 44, p = .004) which is expected for moderate to large samples, but the relative chi-square (CMIN/DF = 1.669) is well below the 3-cut-off indicating good model fit. The RMSEA value of .063, with a 90% confidence interval of .036 to .087, reasonably approximates the model's fit to the population's covariance matrix. The Comparative Fit Index (CFI) is high at .980, surpassing the minimum .90 threshold, signaling excellent comparative fit. The Goodness-of-Fit Index (GFI) is equally strong at .934, indicating that the model captures a significant portion of variance in the observed data. The Parsimony-Adjusted Normed Fit Index (PNFI) of .635 and Parsimony Goodness-of-Fit Index (PGFI) of .527 reveal a balance between model fit and parsimony, suggesting the model is appropriately simple relative to its explanatory strength.

Based on all these fit indices, the model appears to adequately explain the data and, therefore, meets the requirements of the research questions. The results are displayed in Table12 below.

Table 4.14: Summary of CFA Model Fit Indices for the Dependent Variables (Economic Development and Competitiveness)

Fit Index	Model Value	Threshold	Interpretation
χ^2	73.439	$p > 0.05$	Acceptable
RMSEA	.063	≤ 0.06	Acceptable Fit
CFI	.980	≥ 0.95	Excellent Fit
GFI	.934	≥ 0.90	Good Fit
PNFI	.635	≥ 0.50	Good overall model fit
PGFI	.527	≥ 0.50 (desirable)	Good parsimony-adjusted fit

The results displayed in Table 13 indicate that respondents have a rather positive perception of the impact of youth entrepreneurship on economic development and competitiveness as most descriptors were rated at the usually level. Within the Employment and Job Creation dimension, the mean value for responses was highest for 'Creation of full-time or part-time jobs' (EC1, M = 4.00). Respondents certainly appreciate the contribution that youth-led businesses make towards employment diversification as there is full-time and part-time job creation (4.00).

Within the Income and Business Growth dimension, the means ranging from 3.63 to 3.82 suggests participants acknowledge youth entrepreneurship's influence on income and business growth within the community. Collectively, this suggests that there is strong underlying sentiment regarding the economic impact of young people's SMEs in that region.

The mean scores for the last dimension, Infrastructure and Community Development, although lower than the previous ones (3.21 to 3.43), still suggest some improvement in terms of digital access and quality of life. The lower range of these scores indicates that impact of entrepreneurship on infrastructure development is less consistent on a cross-regional basis.

Lastly, the Investment and Innovation category produced moderate scores ranging from 3.48 to 3.70. While participants acknowledged advancements in external investment opportunities and innovative technology adoption, the international and regional growth of startups (II3, M=3.48) was rated the lowest among all items and classified as "Sometimes." This indicates that the international scalability of Palestinian startups appears to be constrained.

Overall, the results indicate support for the notion that youth entrepreneurship actively contributes to the local economy especially regarding job creation and income generation. On the other hand, infrastructure development and global competitiveness are two facets that clearly stand out in terms of needing more attention and a focused strategy.

Table 4.15: Differences Distinguishing Dependent Variables – Economic Development and Competitiveness

Employment and Job Creation				
Order	**Statement**	**Mean**	**S.D.**	**Level**
EC1	My business or project has created full-time or part-time employment.	4.00	1.119	Usually
EC3	Entrepreneurship has diversified the local job market.	3.67	1.154	Usually
EC2	Startups in my community have reduced youth unemployment.	3.65	1.121	Usually
Income and Business Growth				
IBG1	Youth-led businesses have contributed to higher income levels.	3.82	1.058	Usually
IBG2	There is visible growth in small and medium enterprises in my region.	3.76	1.041	Usually
IBG3	Entrepreneurial activity has led to increased consumer spending.	3.63	1.124	Usually
Infrastructure and Community Development				
INF1	Entrepreneurial activities have improved digital access or service availability.	3.43	1.381	Usually
INF3	Entrepreneurship has enhanced quality of life in my community.	3.38	1.334	Usually
INF2	There have been upgrades in local infrastructure due to economic growth.	3.21	1.272	Usually
Investment and Innovation				
II1	Local startups attract external investments (e.g., diaspora, foreign investors).	3.70	1.108	Usually
II2	Innovative technologies are being developed or adopted by young entrepreneurs.	3.56	1.082	Usually
II3	Palestinian startups are expanding regionally or internationally.	3.48	1.180	Sometimes

4.5 Structural Equation Model

4.5.1 Prelude:

This section describes an empirical test of the proposed conceptual model, carried out through Structural Equation Modeling SEM and the AMOS software package. The central aim is to assess how Youth Entrepreneurship (YE)is linked to Economic Development and Competitiveness (EDC), while Contextual Factors (CF) are treated as a mediating influence.

The model includes:

Independent Variable: Youth Entrepreneurship YE, measured by:

- Access to Resources A_R
- Entrepreneurial Intentions E_I
- Entrepreneurial Skills and Knowledge E*S*K.

Mediating Variable: Contextual Factors CF

Dependent Variable: Economic Development and Competitiveness E*D*C, assessed through:

- Employment and Job Creation EJC
- Income and Business Growth IBG
- Infrastructure and Community Development ICD
- Investment and Innovation II.

The analysis Assesses both direct and mediated relationships to understand effects between variables.

4.5.2 Structural Equation Modeling (SEM) Results Interpretation

The model's fit indices (Table 4.1) demonstrate a good fit to the sample data (N = 172):

Table 4.16: SEM Model Fit Indices

Fit Index	Value	Threshold	Interpretation
Chi-square/df	1.600	< 3	Good fit
RMSEA	0.059	< 0.08	Acceptable
CFI	0.965	> 0.90	Excellent fit
GFI	0.901	> 0.90	Good fit
AGFI	0.860	> 0.80	Acceptable

The indices support the appropriateness of the model for testing the hypotheses. Although the chi-square statistic is significant, which is frequently the case with larger samples,

other indices such as CFI, RMSEA, and GFI are within acceptable limits, suggesting that the model adequately captures the data structure.

4.5.3 Study Hypotheses and Their Testing Outcomes

This part showcases the outcomes of hypothesis testing pertaining to the structural equation modeling (SEM) analysis that has been performed in the study. The hypotheses were aimed identifying the causal relationships between some important variables such as Entrepreneurial Intentions (EI), Access to Resources (AR), Entrepreneurial Skills and Knowledge (ESK), Contextual Factors (CF), and Economic Development and Competitiveness (EDC) along with its four observed metrics: Employment and Job Creation (EJC), Income and Business Growth (IBG), Infrastructure and Community Development (ICD), Investment and Innovation (II).

In testing each of the hypotheses, the relationship's strength and statistical significance were assessed using standardized path estimates and p-values. Hypotheses were accepted with a threshold of $p < 0.001$. The table below presents the hypothesis paths alongside estimates and other relevant statistics. Also, the following hypotheses were tested:

Hypotheses:

- **H1:** Entrepreneurial Intentions (E_I) positively affect Access to Resources (A_R).
- **H2:** Entrepreneurial Intentions (E_I) positively affect Entrepreneurial Skills and Knowledge (E_S_K).
- **H3:** Access to Resources (A_R) positively affects Contextual Factors (CF).
- **H4:** Entrepreneurial Skills and Knowledge (E_S_K) positively affect Contextual Factors (CF).
- **H5:** Contextual Factors (CF) positively affect Economic Development and Competitiveness (E_D_C).
- **H6:** Economic Development and Competitiveness (E_D_C) positively influences:
    - **H6a:** Employment and Job Creation (EJC)
    - **H6b:** Income and Business Growth (IBG)
    - **H6c:** Infrastructure and Community Development (ICD)
    - **H6d:** Investment and Innovation (II)

Table 4.17: Hypotheses Testing Results

Hypothesis	Path	Standardized Estimate	p-value	Supported?
H1	A_R ← E_I	0.557	***	Yes
H2	E_S_K ← E_I	0.604	***	Yes
H3	CF ← A_R	0.362	***	Yes
H4	CF ← E_S_K	0.445	***	Yes
H5	E_D_C ← CF	0.486	***	Yes
H6a	EJC ← E_D_C	0.928	***	Yes
H6b	IBG ← E_D_C	0.863	***	Yes
H6c	ICD ← E_D_C	0.322	***	Yes
H6d	II ← E_D_C	0.654	***	Yes

Based on the assessment of the structural model, all hypothesized relationships yielded positive and robust statistical significance, which validated the proposed conceptual model.

H1: Access to Resources was influenced significantly and positively by Entrepreneurial Intentions ($\beta = 0.557$, $p < 0.001$), implying individuals with greater entrepreneurial intentions tend to be more resourceful in securing the requisite resources for entrepreneurship.

H2: Entrepreneurial Intentions had a significant and positive impact on Entrepreneurial Skills and Knowledge ($\beta = 0.604$, $p < 0.001$)), reinforcing the notion that intention is a crucial determinant in acquiring entrepreneurial competencies.

H3: There was a positive relationship between Access to Resources and Contextual Factors ($\beta = 0.362$, $p < 0.001$)), indicating that access to resources can elevate the impact of environment and institutional framework support on entrepreneurial ecosystem development.

H4: Contextual Factors were predicted significantly by Entrepreneurial Skills and Knowledge ($\beta = 0.445$, $p < 0.001$)), showing that greater entrepreneurial knowledge and skills enable a stronger response to contextual challenges and opportunities.

H5: Contextual Factors impacted Economic Development and Competitiveness significantly and positively ($\beta = 0.486$, $p < 0.001$)), reinforcing the finding that supportive entrepreneurial ecosystems advance broader economic development.

H6: All four dimensions of local development were positively influenced by Economic Development and Competitiveness:

- H6a: Employment and Job Creation ($\beta = 0.928$, $p < 0.001$)
- H6b: Income and Business Growth ($\beta = 0.863$, $p < 0.001$)
- H6c: Infrastructure and Community Development ($\beta = 0.322$, $p < 0.001$)
- H6d: Investment and Innovation ($\beta = 0.654$, $p < 0.001$)

In addition, all paths were highly significant ($p < 0.001$), confirming that optimizing local economic development through entrepreneurial activities leads to substantial gains in employment, income, infrastructural facilities, and innovation.

However, the outcomes from hypothesis testing provide robust empirical confirmation supporting the conceptual model, given that all hypothesized relationships were found to be significant ($p < 0.001$). This corroborates that the Entrepreneurial Intentions are, indeed, prerequisites to both the mobilization of resources (H1, $\beta = 0.557$) and the acquiring of skills and knowledge (H2, $\beta = 0.604$), thus reinforcing the theory of planned behavior by Ajzen (1991) and corroborated in studies such as Liñán & Chen (2009). The mediating role of Contextual Factors is confirmed as well, whereby both the access to resources (H3, $\beta = 0.362$) and skills/knowledge (H4, $\beta = 0.445$) contribute to the entrepreneurial ecosystem at large. This aligns with Aparicio et al. (2016) and Stam (2015), who highlighted the relevance of the institutional and environmental components. In addition, the strong positive impact of Contextual Factors on Economic Development and Competitiveness (H5, $\beta = 0.486$) further validates the core argument of the study and agrees with Roundy (2017) and Spigel (2017) on the role of ecosystems in economic growth.

Ultimately, the strong positive influence of Economic Development and Competitiveness on all four measured dimensions (H6a-H6d) confirms the multidimensionality of

development as put forth by Sen (1999, 2000) and Todaro and Smith (2020) regarding especially the case of the employment and the jobs creation (β = 0.928), which has been the focus of the World Bank (2019) and GEM (2022) studies.

As a conclusion, all hypothesized relationships in the model were empirically and rigorously validated. These findings not only confirm the theoretical framework of the study but also form vital reasoning for contemplating its implications on policy and practice, as well as for prospective research on development driven by entrepreneurship.

4.5.4 Path Analysis

Direct Effects

E_I → A_R: Youth with a greater intention to undertake entrepreneurial activities evaluates access to entrepreneurial resources as comparatively better (β = 0.557, p < .001).

E_I → E_S_K: Intention can significantly foster skill development (β = 0.604, p < .001).

A_R → CF: The ability to access resources positively enhances contextual adaptability and support (β = 0.362, p < .001).

E_S_K → CF: Contextual factors can be significantly strengthened through entrepreneurial knowledge (β = 0.445, p < .001).

CF → E_D_C: Contextual conditions, encompassing infrastructure, inclusivity, and innovation ecosystems positively contribute to building economic and competitive development (β = 0.486, p < .001).

Outcome Dimensions (E_D_C)

EJC: Employment and job creation is the strongest indicator (β = 0.928).

IBG: The overarching impact on economic growth, in terms of income and business development, is substantial (β = 0.863).

II: Investment and innovation capabilities exhibit moderate influence (β = 0.654).

ICD: Community and infrastructure development demonstrates positively, yet weak path loading (β = 0.322).

However, the path analysis validates the strong direct effects of the latent variables and provides a deeper explanation of the relationships uncovered in the hypothesis testing. The robust positive paths from Entrepreneurial Intentions to both Access to Resources (β = 0.557) and Entrepreneurial Skills (β = 0.604) strengthen the individual agency and intention narrative in line with the works of Caliendo et al. (2009) and Kautonen et al. (2011). The subsequent significant paths from Access to Resources (β = 0.362) and from Entrepreneurial Skills to Contextual Factors (β = 0.445) also illustrate the interplay between personal entrepreneurial attributes and the external environment. This is consistent with the argument put forth by Unger et al. (2011) and Audretsch & Belitski (2013) that a robust human capital base is able to harness and shape the surrounding

entrepreneurial ecosystem. Lastly, the path loadings for the outcome dimensions of Economic Development and Competitiveness indicate the strong entrepreneurial ecosystem and its direct impact.

The exceptionally high loadings for Employment and Job Creation (β = 0.928) and Income and Business Growth (β = 0.863) support the key claim that entrepreneurship acts as a potent driver for economic growth and employment generation, as posited by Schumpeter (1934, 2021) and more recently by Acs (2006). The comparatively weaker but still noteworthy loading for Infrastructure and Community Development (β = 0.322) suggests that although entrepreneurship is contributory, other more dominant factors exist, which warrants further research.

The loadings support the hypothesis about the multidimensional nature of economic development while simultaneously illustrating the need for and importance of encouraging youth entrepreneurship as showing in figure 6.

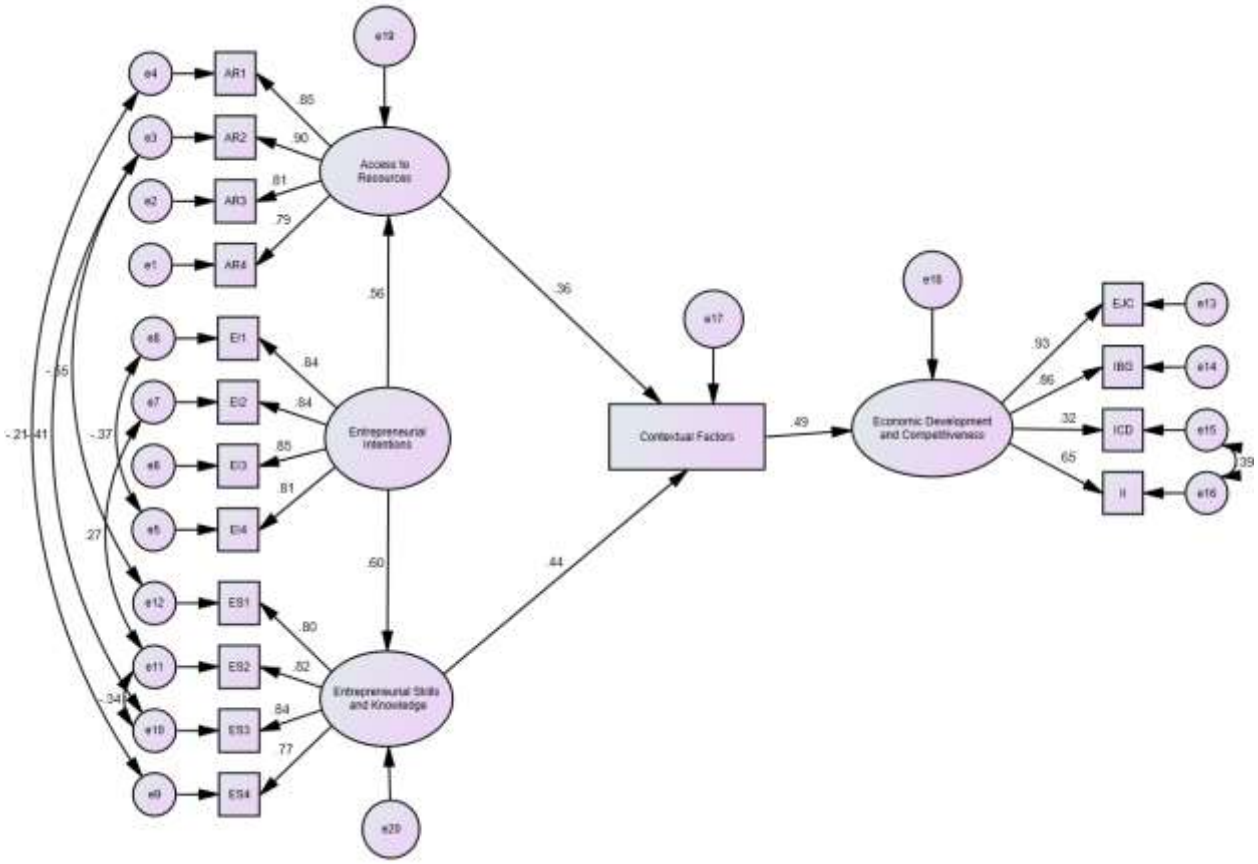

Figure 4.5: SEM Path Diagram

Source: Prepared by the researcher using AMOS software

4.6 Conclusion

The SEM results verify that Youth Entrepreneurship actively participates in Economic Development and Competitiveness both directly as well as through mediating pathways. Entrepreneurial Intentions facilitate skill access and resource acquisition which subsequently improve Contextual Factors such as innovation support, education systems, and entrepreneurial culture.

Among the Of all the sub-dimensions, Employment and Job Creation along with Income and Business Growth were the most affected which indicates that empowering young entrepreneurs is vital for advancing economic development.

Furthermore, this research adds to the body of literature with policy implications arguing entrepreneurship can be a powerful vehicle for change, specifically advocating for:

- Stimulating youth entrepreneurial intent.
- Facilitated funding and mentorship.
- Improved structured and unstructured entrepreneurial education.
- Designed environments with supportive frameworks fostering innovation.

These findings support prior research conducted by Aparicio et al. (2016), Naudé (2013), and the World Bank (2019), thereby reinforcing the argument for youth entrepreneurship as a strategic development initiative.

4.7 Analysis of Moderating Effects

4.7.1 Prelude:

This part analyzes the hypothesis that Policies and Ecosystem Support moderate the relationship between Youth Entrepreneurship and Economic Development and Competitiveness. Moderation analysis was done using hierarchical multiple regression. In the first model, Policies and Ecosystem Support together with Youth Entrepreneurship were treated as independent factors. In the second model, an interaction term (Youth Entrepreneurship × Policies and Ecosystem Support) was added to test for moderation effect.

4.7.2 Summary of Regression Results:

The results of Model 1 showed a substantial joint effect of the predictors where a combined 31% of the variance in Economic Development and Competitiveness was explained ($R^2 = 0.310$, $F(2, 169) = 37.965$, $p < .001$). In Model 2, the addition of the interaction term resulted in a negligible increase of R^2 to 0.315 ($\Delta R^2 = 0.005$) which was not statistically significant (F change = 1.345, p = 0.248).

Additionally, while Youth Entrepreneurship ($\beta = 0.511$, $p < .001$) and Policies and Ecosystem Support ($\beta = 0.653$, $p = .036$) continued to be significant predictors in Model 2, the interaction term was non-significant ($\beta = 0.423$, $p = 0.248$), indicating that Policies and Ecosystem Support did not have any moderating effect. See table 16.

Table 4.18: Regression Analysis of Moderating Effects

Model	Predictors Included	R^2	ΔR^2	Sig. F Change	Interpretation
1	Youth Entrepreneurship, Policies & Ecosystem Support	0.310	—	0.000	Main effects significant
2	+ Interaction Term (moderation)	0.315	0.005	0.248	Moderation not significant

These findings suggest that while both factors contribute separately to Economic Development and Competitiveness, Youth Entrepreneurship's impact does not meaningfully fluctuate with the degree of Policies and Ecosystem Support. In this regard, the impact tends to be quite consistent across various policy contexts.

4.7.3 ANOVA Summary and Coefficients Interpretation:

The Explanatory power of the added regressors and significance of the added predictors are assessed when comparing the two models using ANOVA. For Model 1, which had two independent predictors, the result came out significant with $F(2, 169) = 37.965$, $p < .001$, which Model 1 explains at least a significant portion of variance of the dependent variable. For Model 2, which added one more predictor, the result is still significant $F(3, 168) = 25.810$, $p < .001$. The result comparison shows that in increasing the model complexity with an additional variable did not improve the overall model fit of interest as the F-value and R^2 show the minimal change.

- **Model 1:** $F(2,169) = 37.965$, $p < .001$ → This model shows statistical significance.
- **Model 2:** $F(3,168) = 25.810$, $p < .001$ → Still significant, however no substantial change in comparison to Model 1.

The regression analysis applied to the model's coefficients considered the impact of Youth Entrepreneurship (YE), Policies & Ecosystem Support (PES), and their interaction term (YE × PES) on a dependent variable. Key findings are presented below:

- **Youth Entrepreneurship ($\beta = 0.511$, $t = 3.759$, $p < .001$):** This predictor demonstrates a robust and statistically significant impact on the outcome variable. Thus, it can be said that increased levels of youth entrepreneurship lead to greater improvements in the outcome variable.
- **Policies & Ecosystem Support ($\beta = 0.653$, $t = 2.112$, $p = .036$):** This variable also exhibits a noteworthy positive impact which indicates that enhanced support and policy frameworks contribute positively towards achieving the outcome.
- **Interaction Term (YE × PES) ($\beta = -0.423$, $t = -1.160$, $p = .248$):** While a negative coefficient suggests some degree of weakening or moderation, the result is not statistically significant. Therefore, there is no substantial moderation of the relationship by policies and ecosystem support on youth entrepreneurship and the outcome variable.

As much as Youth Entrepreneurship and Policies & Ecosystem Support separately enhance economic development outcomes, the lack of a significant interaction effect suggests that Policies and Ecosystem Support do not reinforce or undermine the relationship between Youth Entrepreneurship and Economic Development in a meaningful statistical way. This might indicate that the impact of Youth Entrepreneurship on development outcomes is

relatively stable, bluntly ignoring the level of policy support—or that some other contextual or structural factors might be acting as much stronger moderators in this relationship.

However, the results from the hierarchical multiple regression moderation analysis indicate that both Youth Entrepreneurship and Policies and Ecosystem Support significantly and positively predict Economic Development and Competitiveness. However, Policies and Ecosystem Support does not function as a significant moderator. This indicates that the level of policy support does not influence the impact of youth entrepreneurship on economic development. This result is particularly noteworthy because it goes against the prevailing assumption presented in the literature, most notably in the works of Audretsch et al. (2015) and Stam (2015), which posited that comprehensive policy and ecosystem facilitation are required in order to amplify the impact of entrepreneurship.

Rather than acting as a moderating effect, the data indicates that policies and ecosystem support are instrumental in development in a separate, direct manner. This resonates with the work of Porter (1990, 1995) who asserts that such elements as infrastructure and a supportive environment factor directly into a region's competitive advantage. The study's finding that the interaction between both factors is significant (Model 1) but their interaction is not (Model 2) suggests that youth entrepreneurship is a stable, independent driver of economic development irrespective of the policy ecosystem. This implies that the strong drive and skills of the young entrepreneurial with intentions and skills to start businesses is somehow potent enough to produce economic value, even in poorly designed policy frameworks. This view is somewhat corroborated in the literature on entrepreneurial resilience and agency (Schoon & Heckhausen, 2019; Brück et al., 2013). The results thus underscore a more complex understanding of the relationship, as while policies do matter, their foremost purpose is not to enhance the effectiveness of entrepreneurship, but to provide the minimum necessary level of support.

Chapter Five:

Overview, Conclusions, Implications for Policy, and Directions for Future Research:

5.1 Study Overview

This study was conducted to systematically examine the relationship between Youth Entrepreneurship with wider Economic Development and Competitiveness in the politically complex case of Palestine. It specifically sought to understand the impact of the entrepreneurial efforts of the youth on economic phenomena such as employment, income, business activity, innovation, and, in particular, how these impacts are influenced by institutional arrangements framed as Policies and Ecosystem Support (PES).

The research relied on collecting quantitative data through specifically designed surveys distributed to a representative sample of young entrepreneurs from different socio-demographic and geographic groups within Palestine. Structural equation modeling and hierarchical regression analyses, among other sophisticated techniques, were used to test the primary and interaction causal hypotheses included in the conceptual model. As such, the model was empirically tested in its entirety allowing the investigation of the interaction among influences and providing rigor beyond simple correlation.

Evidence unequivocally shows that youth entrepreneurial activity strongly supports economic development. This reinforces theoretical propositions from entrepreneurship literature focused on the revolutionary impact of youth ventures on employment opportunities, market innovation, and value addition. Simultaneously, Policies and Ecosystem Support as constructs of institutional factors have a significantly separate influence on metrics of economic development, emphasizing the critical importance of supporting structures as drivers of entrepreneurial activity. However, the proposed moderating impact of PES aimed at strengthening the relationship between

entrepreneurship and development was not empirically validated, highlighting a concerning gap, or policy underperformance, in the Palestinian-existing paradigm that region which begs further examination.

5.2 Key Conclusions

1. The Participation of Young People in Entrepreneurship Has a Positive Impact on Economic Development: The empirical analysis revealed a statistically significant positive correlation between the level of youth entrepreneurship engagement and the indicators of economic development ($\beta = 0.511$, $p < .001$). This is consistent with the view of Aparicio et al. (2016) who considers entrepreneurship as a complex, multi-dimensional catalyst for structural transformation of the economy. Youth entrepreneurs uniquely create and stimulate innovative market opportunities and jobs that enable socioeconomic mobility. This supports the developmental economics argument which suggests that youth entrepreneurship should be encouraged as a central component in national development policies, as it provides an enduring solution towards poverty reduction and economic diversification.

2. Polices and Ecosystem Support Have a Direct Impact on Economic Development: Both Policies and Ecosystem Support were revealed to influence the economic outcomes directly and significantly with a $\beta = 0.653$, $p = .036$. This confirms the practical assumptions from the institutional economics school which alsoshows the importance of informal and formal institutions and their relevance to the entrepreneurial endeavor. This confirms Khyareh (2023) and World Bank (2019) which strongly argue that easy access and availability of financing, a well-defined and clear regulation, infrastructure, and other ecosystem services collectively make the scaffolding which supports the emerging and developing small and medium enterprises to prosper. The results seem to imply that ecosystem and policy framework, although not perfect by any standards, do set primary bounds to the territorial macroeconomic framework, concerning the locality of Palestine and the entrepreneurial efforts of its young population.

3. No Important Moderating Effect Was Observed: Notwithstanding expectations derived from the literature that Policies and Ecosystem Support would affect the strength of the entrepreneurship–development nexus, the interaction term showed a negative in effect but statistically nonsignificant effect ($\beta = -0.423$, $p = 0.248$). This outcome runs counter to what entrepreneurship scholars take for granted, like Acs, Szerb, and Autio (2016), over the predominately positive impact of the quality of institutions. The Palestinian case characterized by chronic political conflict, fragmented political authority, and weak institutional capacity, may explain such an anomaly. This suggests that well-designed policy frameworks may, in theory, lack well-defined strategies concerning the actual intertwining pathways, coordination, and scale needed to significantly shape the impacts of youth entrepreneurship on development. This result fundamentally suggests reframing the critique of policy impact concerning mere presence to the policy design focus, emphasizing implementation strategies, representation, and institutional credibility.

5.3 Study Literature Comparison

This section offers a comparison of the findings from this study with the previous literature. The structural paths from the conceptual model have been analyzed based on available theories and empirical works, mainly to understand whether the findings confirm or contradict what is known. The analysis includes key relationships such as: the impact of entrepreneurial intentions on skills and attitudes; the shift from cognitive factors to entrepreneurial capacity; and enabling conditions and their impact on development outcomes. In addition, the concern about the role of policies and ecosystem support (PES) as a moderator is included due to its increasing significance in contemporary entrepreneurial models.

Table 5.1: Literature Comparison with study results

Structural Path	Literature Support	Current Study Result
E_I → A_R / E_S_K	Ajzen (1991); Liñán & Chen (2009)	Significant, strong effect
A_R / E_S_K → CF	Aparicio et al. (2016)	Moderate to strong effect
CF → EDC	Alharbi (2020); World Bank (2019)	Significant effect
EDC → EJC, IBG, ICD, II	OECD (2020); Khyareh (2023)	All significant
PES (Moderator)	Acs et al. (2016); Global Entrepreneurship Index	Not significant

In general, all direct structural paths in the current study were having significant and meaningful effects which corroborates and is in line with the previous research, which indicates that the findings of the current study are literature well supported. The linkages of entrepreneurial intentions, skills, their cognitive aspects, and the ability to create economic value add have a coherent relationship with the well-known models like Theory of Planned Behavior and entrepreneurship development models. Nonetheless, the lack of moderation impact by policies and ecosystem support does differ from other studies, suggesting that while environments that provide support and resources are favorable, their moderation impact might be contextual or depend on how the supportive environments are implemented. This emphasizes the need for further investigation on the conditional impacts of ecosystem-level factors on entrepreneurship in various settings or different entrepreneurial environments.

5.4 Policy Implications

1. Encourage Entrepreneurial Intentions from a Young Age:

Targeted educational programs aimed at fostering entrepreneurial intentions in youth are much needed. Initiatives such as teaching entrepreneurship at the primary, secondary, or tertiary levels, as well as through extracurricular clubs, can help equip and instill confidence in them to pursue entrepreneurial activities.

2. Expand Access to Entrepreneurial Following Resources

The availability of financing, digital networks, and professional connections need to be augmented. There is a need for more appropriately targeted entrepreneurial incubators, seed funding initiatives, and government micro loans, especially for youth from marginalized groups.

3. Improve the Entrepreneurial Ecosystem

Existing policies are failing to serve as catalysts in the entrepreneurship–development nexus. Such an ecosystem which incorporates local governments, other sectors such as higher education, and private industries is needed. It has to be more responsive and inclusive than what is currently in place.

4. Assess and Monitor Policy Impact

Lack of evaluative frameworks results in ineffective implementation of entrepreneurship policies. Governments need to define key performance indicators (KPIs), policy spend, uptake, and actively iterate their programs based on the data collected from youth participation.

5. Focus Policy Where Impact Is Achievable

Given the nexus between entrepreneurship and employment, income generation, infrastructural development, and innovation, policy should focus on the drivers of the youth-led businesses. This requires inter-ministerial collaboration, for instance, between the ministries of education, labor, and innovation.

5.5 Limitations of the Study

1. Geographic Scope: The research was confined to the West Bank area of Palestine which hinders its applicability to other regions and countries.
2. Cross Sectional Design: Since data was collected at a single point in time, definitive causal relationships cannot be established.
3. Sample Representation and Generalizability: The sample for the study was confined to young entrepreneurs who were available during the sampling period. This restriction is likely Castle's focus and, therefore, unrepresentative of the population of young entrepreneurs in Palestine. This also certain subgroups—informal entrepreneurs, women, and those living in the periphery—are likely to be underrepresented.
4. External Environmental Factors: Other region-specific uncontrolled factors such as political unrest, economic shocks, or cultural norms could have impacted entrepreneurial activities and economic outcomes but were not considered in the research**.**

5.6 Future Research Directions

By employing more sophisticated methods capable of revealing deeper insights and providing more actionable knowledge, the future research seeks to gain a greater understanding of youth entrepreneurship and its intricate link to economic development. In order to build upon the current study and enhance the understanding of Palestine and similar contexts, future research endeavors in the region could focus on the following areas:

- **Apply Mixed-Methods Approaches on a Broader Scale**: Integrate broad quantitative surveys with qualitative case studies, ethnographic fieldwork, or in-depth interviews to capture both statistical patterns and individual nuanced experiences. This form of triangulation will be beneficial to understand complex contextual factors such as cultural norms, informal networks, and entrepreneurial drives that quantitatively collected data would miss.
- **Include Longitudinal Panel Data**: Studying the same group of entrepreneurs longitudinally demonstrates how intentions, capabilities, and outcomes of entrepreneurship evolve, and how ecosystem or policy shifts influence these pathways. Longitudinal data also enable greater causal inference and help identify the delayed impact of certain interventions.
- **Expand Sampling to Include Marginalized and Informal Entrepreneurs**: Further research should look to capture the informal sector, refugees, and youth who are politically or geographically isolated, including female entrepreneurs. This will better illustrate the entrepreneurial ecosystem gaps and the barriers vulnerable populations encounter.
- **Leverage Experimental and Quasi-Experimental Designs**: The specific policy, incubator, or finance program in question should be rigorously evaluated using randomized controlled trials (RCTs) or natural experiments. Such rigor will produce high-quality evidence on "what works" and strengthen fiscally responsible decision-making among policymakers.
- **Integrate Social Network Analysis**: Analysis of the entrepreneurial social and professional networks may illuminate knowledge, mentorship, and resource flows and identify key actors and leverage points in the ecosystems. The social network metrics may also be used as moderators or mediators in the relationships of entrepreneurship and development.
- **Explore the Role of Digital Technologies and Platforms**: The impact of youth digital literacy on entrepreneurship should be studied in the context of restricted mobility such as Palestine and, with the ongoing global shift towards digital economies, with an eye on e-commerce and digital platforms as critical drivers.
- **Perform Cross-Regional and Cross-Cultural Comparative Studies**: Study and comparison of Palestinian regions (for example, Gaza versus the West Bank) or Palestine vis-a-vis other emerging or conflict-impacted economies can provide insights into which context-specific elements differ from more universally applicable ones, thus contributing to the development of theory and widening the scope of policy adaptation.
- **Investigate Policy of Awareness, Accessibility, and Impact Perception**: Awareness, understanding, and utilization of policies designed specifically for them among young entrepreneurs needs to be evaluated alongside the policies' existence.

Addressing the gap between policy formulation and its actual utilization can uncover obstacles and inform more effective outreach efforts.

- **Analyze Psychological and Behavioral Dimensions**: Examine psychological factors such as entrepreneurial self-efficacy, risk tolerance, motivation, and resilience to explore how personal characteristics, along with external factors, shape entrepreneurial outcomes.
- **Examine Macro-Environmental and Political Dimensions**: Consider the integration of political stability, security concerns, macroeconomic conditions, and cultural norms into the more context-specific frameworks of entrepreneurial activity and ecosystem performance.

Through such an approach, researchers and policymakers would be better positioned to understand and act upon the factors that drive tailored and effective sustained interventions aimed at fostering youth driven entrepreneurship and sustainable economic development in Palestine and similar contexts.

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Appendix: Questionnaire:

ريادة الأعمال بين الشباب وتأثيرها على التنمية الاقتصادية المحلية والتنافسية في فلسطين: نهج التحليل السببي

يجرى هذا الاستبيان ضمن
إطار إعداد رسالة ماجستير في جامعة القدس – كلية الأعمال والاقتصاد، بعنوان:
"ريادة الأعمال بين الشباب وتأثيرها على التنمية الاقتصادية المحلية والتنافسية في فلسطين: نهج التحليل السببي"

تهدف هذه الدراسة إلى فهم كيف تسهم ريادة الأعمال بين الشباب في تعزيز الاقتصاد الفلسطيني من خلال خلق فرص العمل، وزيادة الدخل، وتطوير البنية التحتية، وتعزيز الابتكار.
ثعامل جميع البيانات بسرية تامة وثستخدم فقط لأغراض أكاديمية.

* تشير إلى أن السؤال مطلوب

القسم الأول: المعلومات الديموغرافية

1. العمر*

حدد دائرة واحدة فقط.

- 18–24
- 25–30
- 31 –35

2. الجنس*

حدد دائرة واحدة فقط.

- ذكر
- انثى

3. **الموقع الجغرافي** *

حدد دائرة واحدة فقط.

- القدس
- الضفة الغربية
- قطاع غزة
- القدس الشرقية
- أخرى: _____

4. **المستوى التعليمي** *

حدد دائرة واحدة فقط.

- ثانوية أو أقل
- دبلوم
- بكالوريوس
- ماجيستير او اعلى

5. **حجم المشروع / عدد العاملين** *

حدد دائرة واحدة فقط.

- 1
- 2
- 3
- 4
- 5
- أخرى: _____

6. نوع المشروع*

حدد دائرة واحدة فقط.

- تجاري
- صناعي
- زراعي
- تكنولوجي
- سياحي
- أخرى: _____

القسم الثاني: المتغير المستقل – ريادة الأعمال بين الشباب

دائما | **2** = غالبا = **1**
أحيانا | **4** = نادرا | **5** = أبدا = **3** |

7. *النوايا الريادية

حدد دائرة واحدة فقط في كل صف

	ابدا	نادرا		غالبا	دائما
لدي خطة واضحة لبدء مشروع خلال العامين القادمين	○	○	لدي خطة واضحة لبدء مشروع خلال العامين القادمين	○	○
أقيم باستمرار أفكار مشاريع جديدة	○	○	أقيم باستمرار أفكار مشاريع جديدة	○	○
لدي دافع لخلق قيمة من خلال ريادة الأعمال، حتى لو تأخر الدخل	○	○	لدي دافع لخلق قيمة من خلال ريادة الأعمال، حتى لو تأخر الدخل	○	○
واثق من أنني سأصبح رائد أعمال	○	○	واثق من أنني سأصبح رائد أعمال	○	○

8. *الوصول إلى الموارد

حدد دائرة واحدة فقط في كل صف

	ابدا	نادرا		غالبا	دائما
لدي إمكانية الوصول إلى دعم مالي (قروض، منح، مستثمرين)	○	○	لدي إمكانية الوصول إلى دعم مالي (قروض، منح، مستثمرين)	○	○
أستطيع الوصول إلى برامج الإرشاد أو الحاضنات	○	○	أستطيع الوصول إلى برامج الإرشاد أو الحاضنات	○	○
أستطيع العثور على شركاء أو موظفين أكفاء بسهولة	○	○	أستطيع العثور على شركاء أو موظفين أكفاء بسهولة	○	○
أملك وصولًا موثوقًا إلى المعلومات والخدمات القانونية	○	○	أملك وصولًا موثوقًا إلى المعلومات والخدمات القانونية	○	○

9. *المهارات والمعرفة الريادية

حدد دائرة واحدة فقط في كل صف

	ابدا	نادرا		غالبا	دائما
	○	○	أستطيع إعداد دراسة جدوى أو بحث سوق	○	○
	○	○	أفهم كيفية إنشاء وإدارة خطة عمل	○	○
	○	○	أعرف كيف أدير العمليات المالية والإدارية (ضرائب، رواتب، ميزانية)	○	○
	○	○	على دراية بالقوانين المحلية لتأسيس وحماية مشروع تجاري	○	○

10. الأنشطة الريادية *

حدد دائرة واحدة فقط في كل صف

	ابدا	نادرا	ا-	ا	دائما	
سبق لي أن بدأت أو شاركت في تأسيس مشروع	○	○	سبق لي أن بدأت أو شاركت في تأسيس مشروع	○	○	سبق لي أن بدأت أو شاركت في تأسيس مشروع
أبحث عن فرص لتحقيق دخل مستقل (مثل العمل الحر أو التجارة الإلكترونية)	○	○	أبحث عن فرص لتحقيق دخل مستقل (مثل العمل الحر أو التجارة الإلكترونية)	○	○	أبحث عن فرص لتحقيق دخل مستقل (مثل العمل الحر أو التجارة الإلكترونية)
أشارك في فعاليات ريادية (ورش عمل، تدريبات)	○	○	أشارك في فعاليات ريادية (ورش عمل، تدريبات)	○	○	أشارك في فعاليات ريادية (ورش عمل، تدريبات)
أتابع أخبار ومحتوى متعلق بالمشاريع والابتكار	○	○	أتابع أخبار ومحتوى متعلق بالمشاريع والابتكار	○	○	أتابع أخبار ومحتوى متعلق بالمشاريع والابتكار

11. *الموقف المخاطرة

حدد دائرة واحدة فقط في كل صف

	ابدا	نادرا	احيانا	دائما	
لا أمانع في استثمار مدخراتي في فكرة مشروع	○	○	○	○	لا أمانع في استثمار مدخراتي في فكرة مشروع
أعتبر الفشل تجربة للتعلم وسأحاول مرة أخرى	○	○	○	○	أعتبر الفشل تجربة للتعلم وسأحاول مرة أخرى
مستعد لتحمل المخاطرة إذا كان العائد محتملاً	○	○	○	○	مستعد لتحمل المخاطرة إذا كان العائد محتملاً
أستطيع تعديل استراتيجيتي إذا لم تنجح الخطة الأولى	○	○	○	○	أستطيع تعديل استراتيجيتي إذا لم تنجح الخطة الأولى

قسم الاسئلة المفتوحة

12. *ما هو التحدي الأكبر الذي تواجهه كرائد أعمال شاب في فلسطين؟

حدد كل الإجابات الملائمة

- [ ] صعوبة الوصول إلى التمويل والدعم المالي
- [ ] الروتين الحكومي وتعقيد الإجراءات
- [ ] ضعف البنية التحتية (كالكهرباء والإنترنت في بعض المناطق)
- [ ] القيود السياسية والاقتصادية (إغلاقات، تنقل)
- [ ] قلة الثقة في المشاريع الناشئة من المستثمرين
- [ ] نقص التوجيه والإرشاد من خبراء
- [ ] محدودية السوق المحلي وضعف القوة الشرائية
- [ ] نظرة المجتمع السلبية أحيانًا نحو المخاطرة
- [ ] صعوبة الوصول إلى الأسواق الخارجية
- [ ] أخرى: _____

13. * ما هو التغيير في السياسات أو نوع الدعم الذي تعتقد أنه سيكون الأكثر فائدة لرواد الأعمال في منطقتك؟

حدد كل الإجابات الملائمة

- [ ] توفير قروض بدون فوائد
- [ ] منح حكومية للمشاريع الناشئة
- [ ] تبسيط إجراءات تسجيل المشروع
- [ ] برامج تدريب وإرشاد مجانية
- [ ] تسهيل الوصول إلى السوق المحلي والخارجي
- [ ] حوافز ضريبية للمشاريع الشبابية
- [ ] زيادة عدد الحاضنات ومراكز الابتكار
- [ ] تحسين البنية التحتية الرقمية
- [ ] أخرى: _____

14. * ما الذي يحفزك أكثر لتصبح رائد أعمال؟

حدد كل الإجابات المطابقة

- [ ] تحقيق الاستقلال المالي
- [ ] خلق فرص عمل للآخرين
- [ ] تحسين الوضع الاقتصادي لعائلتي
- [ ] التحدي وتحقيق الذات
- [ ] الحرية في اتخاذ القرارات
- [ ] الابتكار وتقديم حلول جديدة
- [ ] بناء اسم وسمعة في السوق
- [ ] ترك أثر إيجابي في المجتمع
- [ ] أخرى: _____

انتهى الاستبيان، شكرًا لمساهمتك!

الملخص

دور ريادة الأعمال الشبابية في تعزيز التنافسية والتنمية الاقتصادية المحلية في فلسطين

إعداد الطالب: قيس جمال شحادة محسن.

اشراف: الأستاذ الدكتور ابراهيم عوض.

تتناول هذه الرسالة موضوع دور ريادة الأعمال الشبابية في تعزيز التنافسية والتنمية الاقتصادية المحلية في فلسطين، وهو موضوع يحظى بأهمية كبيرة نظرًا للظروف الاقتصادية والاجتماعية المعقدة التي يعيشها المجتمع الفلسطيني. تنطلق الدراسة من أن الشباب يمثلون الفئة الأكثر حيوية وقدرة على التغيير، وأن الاستثمار في قدراتهم الريادية يمكن أن يسهم بشكل مباشر في مواجهة تحديات البطالة والفقر وتعزيز فرص النمو الاقتصادي.

اعتمدت الدراسة على منهجية تجمع بين التحليل النظري والدراسة الميدانية، حيث جرى استعراض الأدبيات المتعلقة بريادة الأعمال، إضافة إلى تحليل تجارب الشباب الرياديين في فلسطين من خلال استبيانات ومقابلات، بهدف التعرف على واقع ريادة الأعمال الشبابية، والعوائق التي تحول دون تطويرها، وكذلك الفرص المتاحة أمامها.

أظهرت النتائج أن ريادة الأعمال الشبابية تسهم بشكل ملموس في تنشيط الاقتصاد المحلي عبر خلق مشاريع صغيرة ومتوسطة توفر فرص عمل جديدة وتساهم في تحسين مستوى الدخل للأفراد والمجتمعات المحلية. كما بينت أن هذه المبادرات تعزز من التنافسية من خلال إدخال أفكار مبتكرة، وتطوير منتجات وخدمات قادرة على تلبية احتياجات السوق المحلي، بل والتوسع نحو أسواق خارجية في بعض الحالات. ومع ذلك، كشفت الدراسة عن وجود تحديات عديدة أبرزها محدودية التمويل، وضعف البنية التحتية الداعمة للمشاريع الريادية، بالإضافة إلى غياب السياسات الحكومية الفاعلة التي تشجع على الاستثمار في قدرات الشباب.

خلصت الدراسة إلى أن تعزيز ريادة الأعمال الشبابية يتطلب تكاتف الجهود بين القطاعين العام والخاص، إضافة إلى مؤسسات المجتمع المدني والجامعات، من أجل توفير بيئة حاضنة وداعمة. كما أوصت بضرورة تطوير برامج تدريبية متخصصة لبناء القدرات الريادية، وتسهيل الوصول إلى مصادر التمويل، مع أهمية نشر ثقافة الريادة بين الشباب باعتبارها أداة للتنمية الاقتصادية والاجتماعية.

وبذلك، تؤكد الرسالة أن تمكين الشباب الفلسطيني من ممارسة دورهم الريادي ليس فقط خيارًا اقتصاديًا، بل هو أيضًا خيار استراتيجي لضمان الاستقرار وتعزيز القدرة التنافسية للاقتصاد الوطني، بما يسهم في بناء مستقبل أكثر استدامة وعدالة للمجتمع الفلسطيني.

الكلمات المفتاحية: ريادة الأعمال، استغلال العمالة، التنمية الاقتصادية المحلية .