A GREEN – ENTREPRENEURIAL – DEAL?
EXPLAINING THE DEVELOPMENT OF GREEN VENTURES AND THE ROLE OF GOVERNMENT SUBSIDIES (SUMMARY)

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SUMMARY

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EXPLAINING THE DEVELOPMENT OF GREEN VENTURES AND THE ROLE OF GOVERNMENT SUBSIDIES

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Principal Topic

With recent calls for a new ‘Green’ Deal, the increasing policy attention for entrepreneurship has received a new twist: green ventures are seen as the solution to the unemployment, energy and climate crises. While substantial amounts of subsidies are made available to stimulate green ventures, amazingly little is known about the impact of these subsidies on green ventures. To identify the success factors of new green ventures, this paper thus asks the following questions:

How do green ventures differ from non green ventures?
Which factors influence the success of green ventures, and how does this differ from the success factors of new ventures in general?
Which role do subsidies play for the success of green ventures, and how does this differ from the success factors of new ventures in general?

Method

We use a dataset that contains a cohort of 647 new ventures (including 74 green ventures) in the Netherlands. We qualify new ventures as green if their products are based on new environmental or energy technology. Venture success is indicated by employment growth and investigated by several micro-level indicators, including inter alia the founder’s age and experience, the time dedicated to the start-up, future growth ambitions, and the firm’s location. Specific attention is paid to how different types of subsidies influence venture success.

Results and Implications

We find that management experience, ambition for employment growth, and start-up capital amounts significantly lead to venture success in green ventures as well as non green ventures. New green ventures are negatively affected by a long preparation and the development of a business plan during start-up - conversely to non green ventures. Government subsidies are found to have no significant effect on the success of non-green and green ventures alike. This finding questions the assumption of policy makers that subsidies facilitate the creation and, more importantly, the success of green ventures.

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