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A MULTILEVEL ANALYSIS OF GROWTH-ORIENTED ENTREPRENEURSHIP (SUMMARY)

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≈ SUMMARY ≈

A MULTILEVEL ANALYSIS OF GROWTH-ORIENTED ENTREPRENEURSHIP

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Principal Topic

This paper uncovers regional and national determinants of growth-oriented entrepreneurship, controlling for individual level characteristics. Thus far studies of growth-oriented entrepreneurship have taken into account determinants on the individual level, as starting up a firm is a choice made by individuals, but have largely ignored determinants on the national and the regional level. In this paper, the individual, regional, and national level determinants of individual level growth-oriented entrepreneurship are simultaneously analyzed.

Method

We view growth-orientated entrepreneurship as the combination of (i) perceived product-market opportunities linked to the theory of planned behavior (Ajzen 1991); (ii) the possibility to attract human and financial resources (resource based view); (iii) the influence of the social and regional environment (adopting the ‘third person’ perspective developed by McMullen and Shepherd 2006 and a regional dimension of the structuration view that posits that the entrepreneur and social systems co-evolve, c.f. Sarason et al. 2006) and (iv) the institutional perspective based on North (1990). A multilevel model is applied on the individual odds of being involved in growth-oriented entrepreneurship, based on data from the Global Entrepreneurship Monitor (GEM) and using 359,469 observations across 131 regions in over 16 European countries in 2001-2006. GEM data also yield regional-level indicators of perceptions of entrepreneurship. Additional independent variables at the regional level were obtained from the Cambridge Econometrics’ European Regional Dataset and Eurostat’s regional database. At the national level, we included OECD and World Bank Doing Business indicators.

Results and Implications

Our results show that regional- and national-level factors affect growth-oriented entrepreneurship; even when personal-level factors are taken into account. At the regional level, a high degree to which inhabitants personally know someone who has recently started a business has a positive impact on actual involvement in growth-oriented entrepreneurship. Furthermore, regional population density and a population characterized by a young age structure is positively linked to growth-oriented entrepreneurship. Taken together, these findings suggest that vibrant, dynamic regions spur new and promising entrepreneurial ventures particularly through mechanisms of knowledge spillovers and role models. At the national level, strong employment protection regimes appear to constrain growth-oriented entrepreneurship.

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