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DO POLICY PROGRAMS MEET THE NEEDS OF ENTREPRENEURS? AN INSTITUTIONAL PERSPECTIVE (SUMMARY)

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SUMMARY

DO POLICY PROGRAMS MEET THE NEEDS OF ENTREPRENEURS? AN INSTITUTIONAL PERSPECTIVE

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Principal topic

We draw on institutional theory which suggests that entrepreneurial behavior is shaped by institutional patterns of the environment. Based on a literature review of different policy dimensions impacting entrepreneurship, we derive a framework for the perceived usefulness of policy programs for entrepreneurs. This framework consists of six institutional variables (access to financial resources, access to technology, access to networks, access to consulting/education, tax incentives, reduction of administrative burdens). Moreover, we take into account that access to finance may moderate the utility of the other variables.

Method

We employ conjoint analysis to evaluate the entrepreneurs’ assessment of the usefulness of 32 hypothetical policy programs for developing their businesses. These hypothetical programs are described by the institutional variables of our framework, each of which at one of two possible levels (e.g., high vs. low). In the analysis, the institutional variables constitute the independent variables, whereas the entrepreneurs’ assessment serves as dependent variable.

We collected data from 106 German entrepreneurs. Our data set thus consists of 3392 assessments. We analyze the data by Hierarchical Linear Modeling (HLM) which takes into account autocorrelation between assessments of one individual.

Results and Implications

We find significant main effects for all research variables. That is, entrepreneurs consider the usefulness of a policy program the higher the more it provides (i) access to finance, (ii) access to technology, (iii) access to networks, (iv) access to consulting/education, (v) tax incentives, (vi) reduction of administrative burdens. Moreover, we find that access to finance moderates the effect of access to networks and the reduction of administrative burdens.

Our study demonstrates that entrepreneurs see the adjustment of all six institutional variables of our study as useful elements of policy programs. However, these variables are not independent: providing access to finance can enhance the effectiveness of other measures for improving the usefulness of the programs for entrepreneurial companies.

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