INSTITUTIONAL APPROACH ON GROWTH-ORIENTED ENTREPRENEURSHIP (SUMMARY)

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6-12-2010
SUMMARY

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Principal Topic
Growth-oriented entrepreneurs create significant potential for economic wealth. This type of high impact entrepreneurial behavior is partly affected by national institutional arrangements. Factors like government regulations and public policies influence the extent to which individuals perceive entrepreneurial and growth opportunities, and which kind of strategic decisions they are eager to make (Baumol, 1990; Parker and Robson, 2004; Verheul et al., 2002). In this paper we study the association between country-level determinants’ and growth-oriented entrepreneurial behavior.

Scott’s (1995) framework offers a good theoretical grounding for the study of entrepreneurs’ growth aspirations. He categorized the institutional arrangements into three pillars: regulative, cognitive, and normative. The regulatory dimension of country’s institutional arrangements which comprise regulations, policies, rules, and laws affect the availability of resources and perception of growth opportunities necessary in pursuing growth. Similarly, the cognitive dimension, which incorporates the nature of reality and schemata according to which individuals interpret surrounding information, modifies the perception of necessary abilities required in pursuing intended outcomes. In addition, values and norms included in the normative dimension define the desired goals or standards, and thus, they influence entrepreneurial behavior and its appreciation in society. In this paper we hypothesize that each institutional dimension influences the entrepreneurs’ growth orientation.

Method
We use data gathered from two different data sets. The first is the adult population survey (APS) data collected in the Global Entrepreneurship Monitor (GEM) study during 2002–2008 comprising over 50 countries. Second, we used data from the GEM study’s National Expert Survey (NES) data. Our dependent variable is measured by the proportion of growth oriented entrepreneurs among early-stage entrepreneurs and established business owners in a country. The institutional dimensions are measured in terms of 8 country-level variables used in the APS and NES surveys. As our dataset constitutes relatively broad and short panel, with gaps, we use generalized least squares methods to test the hypotheses.

Results and Implications
Our preliminary results comprise only year 2008. They indicate that government policies and support towards entrepreneurship are positively associated with growth orientation. On the contrary, the association between cognitive arrangements and growth oriented entrepreneurship varies between negative (intellectual property rights) and positive association (degree of skill and abilities to start up) with entrepreneurs’ growth orientation. These findings suggest that the association between institutional arrangements and growth orientation may vary considerably which should be taken into account in the public policy measures aimed at enhancing growth entrepreneurship.

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