

Escola Superior de Tecnologia e Gestão



**Perceptions on the effectiveness of public
policies supporting entrepreneurship and
internationalization**

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Dissertação para obtenção do Grau de Mestre em **Gestão e Internacionalização de
Empresas**

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Dedicatória

A todos os meus familiares e amigos, aos que têm o
meu sangue e sobrenome e aos que o são por
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Abstract

It is widely recognized that entrepreneurs and policy makers play a critical role in both economic growth and the growth and development of firms. The ability to innovate is recognized at the international level as a key competitive factor in the business world and public policies are a key instrument that often assist companies to grow to international levels.

Entrepreneurship emerges as one of the main mechanisms of social and economic growth and as a result, gains a progressive interest both in the academia to investigate this phenomenon and in several public and private initiatives that promote business activity.

The literature shows that entrepreneurship is an important growth factor and therefore it is extremely important to understand if such support has been effective in stimulating entrepreneurial activity.

In order to accomplish the objective of the work, a research was developed based on the review of scientific publications related to entrepreneurship- and internationalisation-related public policies, highlighting the contemporaneous approaches on governmental policies and regulations and international business, corroborated by an empirical support that allowed to identify the relations between the public politics supporting entrepreneurship and internationalization of firms.

This dissertation includes five key dimensions: innovation, entrepreneurship; public policy; economic growth and internationalisation.

The approach of the quantitative study consisted of using the Global Entrepreneurship Monitor (GEM) database that is a research program focused on the relationship between entrepreneurship and the context allowing economic growth and, based on the identification of variables related to public policies to analyse the extent to which they influence the experts' perceptions on the efficiency of governmental policies to supporting new and growing business.

Our data was subjected to statistical, univariate and multivariate analysis that allowed producing the results presented in the two studies.

Our results show that the effectiveness of public policies is associated with the information and infrastructures available; adequacy of programs; recognition of the importance of public bodies for entrepreneurship policies; the competence and effectiveness of policy-related institutions; the priority of such policies in the context of national policies; the existence of support for young entrepreneurs; the

bureaucratic system and the regulatory framework; and the concentration of policies in a single institution. Our results also suggest that governments gain a reputation and that according to this reputation; individuals evaluate different types of policies in a similar way.

In addition, there is evidence that, in some countries, experts evaluate their policies in a more homogeneous way, while others have important divergences when experts evaluate the efficiency of their governments in implementing policies. It has also shown that investing in a reputation can be the result of the conditions that governments create in their societies and economies, in particular as regards a strong institutional and legal framework, the education system and the development of a coherent national culture, conditions of individuals' lives and levels of investment in technology and politics.

Keywords (JEL Codes): Entrepreneurship; Government Policy and Regulation; International Business; Public policies; economic growth; innovation; entrepreneurship and internationalization

Resumo

É geralmente reconhecido que os empresários e os decisores políticos desempenham um papel fundamental tanto no crescimento económico como no crescimento e desenvolvimento de muitas empresas. A capacidade de inovar é reconhecida, a nível internacional, como um fator competitivo chave no mundo dos negócios e as políticas públicas são um instrumento fundamental que muitas vezes ajudam as empresas a crescer para níveis internacionais.

O empreendedorismo surge como um dos principais mecanismos de crescimento económico e, conseqüentemente, social e, como resultado, adquire um interesse progressivo quer no meio académico para investigar esse fenómeno quer em diversas iniciativas públicas e privadas que promovem a atividade empresarial.

A literatura mostra que o empreendedorismo é um fator de crescimento e, portanto, é extremamente importante entender se esse apoio tem sido eficaz para estimular a atividade empresarial.

Para alcançar o objetivo do trabalho, foi desenvolvida uma pesquisa baseada na revisão de publicações científicas relacionadas com políticas públicas de apoio ao empreendedorismo e à internacionalização de empresas, destacando as abordagens de referência atuais sobre o tema das políticas e regulamentos governamentais e negócios internacionais, corroborado por um apoio empírico que permitiu identificar as relações entre as políticas públicas que apoiam o empreendedorismo e a internacionalização das empresas.

Esta dissertação inclui cinco dimensões-chave: inovação, empreendedorismo; políticas públicas; crescimento económico e internacionalização.

A abordagem deste estudo, de natureza quantitativa, consistiu no uso da base de dados do *Global Entrepreneurship Monitor (GEM)* - base de dados focada na relação entre o empreendedorismo e o contexto propício ao crescimento económico, com base na identificação de variáveis relacionadas com políticas públicas para analisar em que medida estas influenciam a percepção dos especialistas sobre a eficiência das políticas governamentais em apoiar negócios novos e em crescimento.

Os dados recolhidos foram sujeitos a análises estatísticas, univariadas e multivariadas, que permitiram obter os resultados apresentados nos dois estudos.

Os resultados mostram que a eficácia das políticas públicas está associada às informações e infraestruturas disponíveis; adequação de programas; reconhecimento da importância dos órgãos públicos para as políticas de empreendedorismo; à competência e à eficácia das instituições relacionadas com políticas; à prioridade de tais políticas no contexto das políticas nacionais; à existência de apoio a jovens empreendedores; ao sistema burocrático e ao quadro regulatório; e à concentração de políticas numa única instituição. Os resultados sugerem, também, que os governos ganham reputação e que, de acordo com essa reputação, os indivíduos avaliam diferentes tipos de políticas de forma semelhante.

Adicionalmente, há evidência de que em alguns países, os peritos avaliam as suas políticas de forma mais homogénea, enquanto outros têm divergências importantes quando os especialistas avaliam a eficiência dos seus governos na implementação de políticas. Também mostrou que investir numa reputação pode ser o resultado das condições que os governos criam nas suas sociedades e economias, em particular no que diz respeito a um forte quadro institucional e jurídico, ao sistema educacional e ao desenvolvimento de uma cultura nacional coerente, condições de vidas de indivíduos e níveis de investimento em tecnologia e política.

Palavras-chave: Empreendedorismo; Política e Regulamento do Governo; Negócios internacionais; Políticas públicas; crescimento económico; inovação; empreendedorismo e internacionalização.

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Abbreviations

GEM (Global Entrepreneurship Monitor)

SMEs (Small and Medium-sized Enterprises)

EU (European Union)

R&D (Research and Development)

USA (United States of America)

UK (United Kingdom)

NES (National Experts Survey)

FDI (Foreign Direct Investment)

IPO (Initial Public Offerings)

Part I

CHAPTER 1

Introduction

1. Problem Statement

In the last decades, entrepreneurship has thrilled many researchers who have begun to pay more attention to this phenomenon both in scientific research and in the formulation of policies that foster entrepreneurship. It has been widely recognized as a means of job creation, innovation and economic growth (Audretsch and Keilbach 2004, Wong, Ho and Autio 2005), which has inspired many studies carried out over the past few years.

Given the importance of entrepreneurship, leaders and policy makers have begun to show growing interest in the subject. Gradually, public policies with a more specific focus on entrepreneurs become more popular.

Entrepreneurship supporting policies represent a field still under development, whose main characteristics are the complexity and the hybrid nature of governmental actions and omissions. (Barboza, Fonseca, & Ramalheiro, 2017)

The internationalisation of firms and the relevance of this process to the economic development and growth of these companies from an international perspective is also a subject widely discussed in economic and management theory and business practice. (Sliwinski & Sliwinska, 2016)

Innovation and internationalization are two necessary conditions for business growth and competitiveness. Its managers, especially small and medium-sized enterprises (SMEs), are dealing with scarce financial and human resources and must define the strategy that will provide its shareholders with the highest returns in the short and long term and therefore has the priority of investing in research and development with the aim of developing new/better products/processes; or to prioritize operations in new markets and offer their existing products internationally. Governments and the public administration, in general, must also decide what will result in more public benefits, such as employment and economic growth, or to allocate the public budget to foster business innovation, use resources and create export agencies, and programs that help companies to grow internationally. (Freixanet, 2014)

Not only the importance but also the sensitivity of the issue, coupled with barriers to entrepreneurship, justifies policy-making efforts to improve and enhance entrepreneurial ventures. Therefore, the formulation of entrepreneurship policies seems to be critical and to explore their mechanisms justifies the relevance of the subject in question.

2. Objectives

The general objective of this work is to analyse some concepts about public policies associated with entrepreneurship and internationalization processes of firms and to show the importance of the key aspects for the formulation of such policies at national level that can leverage companies for sustained growth and which may also lead them to the possibility of internationalization, it is also intended to try to assess whether public policies are effective both in supporting entrepreneurship and in the internationalization of these firms.

Therefore, the aims of this dissertation are:

- To explore the effectiveness of entrepreneurship public policies, from the experts' perspective;
- To analyse the extent to which governments enjoy of a certain reputation that impact on the perception of the effectiveness of entrepreneurship supporting governmental policies.

3. Methodology

Taking into consideration the studied subject, we chose to do a quantitative research using data collected by the GEM dataset, in which we performed a series of multivariate techniques based on the 2012 survey. As a result, we conducted two studies.

The first study "Perceptions on effectiveness of public policies supporting entrepreneurship and internationalization" is a quantitative research that empirically analyses the effectiveness of public policies supporting entrepreneurship and internationalization using a multivariate statistical analysis based descriptive analysis - multiple linear regression.

The second study "Public Policies for Entrepreneurship and internationalization: is there a Government Reputation Effect?" is also a quantitative research that empirically analyses the governmental reputation using computed differences between the replies for each pair of variables a measure of coherence that has allowed performing cluster analysis, ANOVA and multiple linear regression.

Part II

CHAPTER 2

Perceptions on effectiveness of public policies supporting entrepreneurship and internationalization

Abstract

The economic and financial crisis that has plagued the world in recent years has stimulated entrepreneurs to be more creative and policy makers to be more effective in the important role they can play in economic growth through government support to entrepreneurship and internationalization of firms. The literature shows that entrepreneurship is an important growth factor, so it becomes prominent to understand if such support has been effective in stimulating business activity. This article's first main goal is to show the importance of key aspects for policy-making at the national level and, secondly, to try to evaluate if public policies and programs are effective in entrepreneurship and internationalization of firms. Our results were supported by the GEM dataset, and we performed a multivariate analysis through a multiple linear regression. Our results suggest that governments gain a reputation and, in line with such reputation, individuals evaluate the different type of policies in a similar manner.

Keywords (JEL Codes): Entrepreneurship (L26); Government Policy and Regulation (G28); International Business (F23)

1 Introduction

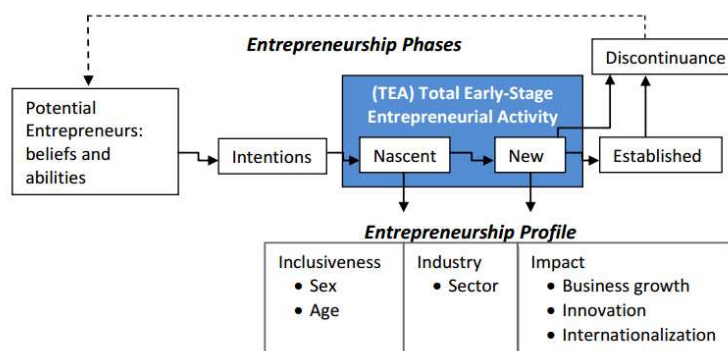
It is widely acknowledged that entrepreneurship is one of the most important forces shaping the changes in the economic landscape (Baumol, 1968; Birch, 1979; Acs, et al., 1999). Given the need for endogenous development strategies for both countries and regions, entrepreneurship has emerged as one of the main mechanisms for social and economic growth (Acs and Armington, 2006; van Stel et al. 2005; Wennekers and Thurik 1999; Wennekers et al. 2005).

As a result, there is growing interest in several public and private initiatives for promoting entrepreneurial activity as well as in the academic community for analysing this phenomenon further. Given such importance, our main objective is to examine how entrepreneurship policy making is perceived by individuals, namely experts, taking into account the GEM data that is a research program focusing on economic growth and entrepreneurship.

This study addresses entrepreneurship and internationalization related public policies, and, in particular, the effectiveness of these policies in the phenomena of entrepreneurship and the internationalization of firms. Thus, this paper aims to study the effectiveness of public policies supporting entrepreneurship and internationalization of firms.

Figure 1 show the GEM model, where the entrepreneurial process is divided into four stages. At each stage, the entrepreneur encounters different obstacles and challenges, and requires different resources. Therefore, governments should develop public policies that take into account the particularities of each stage of the entrepreneurial process.

Figure 1: The Entrepreneurship Process and GEM Operational Definitions



Source: Global entrepreneurship monitor 2011 extended report: Entrepreneurs and Entrepreneurial Employees across the Globe

Innovation is informed by the ability to see connections, spot opportunities, and take advantage of them. However, innovation does not happen automatically; it is driven by entrepreneurship. Indeed, entrepreneurship has always been considered a part of any innovative process and, as an extension, a crucial determinant of economic performance (Schumpeter, 1934; Kirzner, I. 1973)

Innovation relates directly to performance and mediates the entrepreneurship-performance link (Ndubisi & Iftikhar, 2012). Innovation is, itself, a source of motivation (Carter, Gartner, Shaver, & Gatewood, 2003). In particular, in the context of an economic crisis in the relationship between entrepreneurial innovation and performance is complex, but empirical research shows that technological innovation improves growth forecasts during economic crises (Peris-Ortiz, Fuster-Estruch, & Devece-Caranana, 2014) demonstrating its importance in any economic condition.

Innovation and internationalization are two conditions for both growth and competitiveness of firms. Managers, especially SMEs, take care of scarce financial and human resources and must decide which option will provide the highest returns in the short and long term, and therefore has the priority of investing in research and development with the aim of developing new/better products/processes; or prioritize the opening of new markets and offer their existing products internationally. Governments and the public administration in general must also decide what will result in more public benefits such as employment and economic growth, or to allocate the public budget to foster business innovation, use resources and create export agencies and programs that help companies grow internationally. (Freixanet, 2014)

After reviewing the literature on relevant public policies to support entrepreneurship and internationalization, we analysed the database and collected the variables to verify the extent to which supporting policies to new and growing businesses, are effective on promoting innovation and internationalization processes.

Many studies have been conducted over the recent years. Governmental policies supporting new and growing businesses also seem to, substantially, affect the general government system. The variable that measures the extent to which government programs are highly selective when choosing recipients for entrepreneurship support is very significant and it is the largest contributor to explain the dependent variable behaviour “In my country, the support for new and growing firms is a high priority for policy at the national government level”.

The next section briefly reviews literature where the main concepts are addressed, section 3 empirically analyses the effectiveness of public policies supporting entrepreneurship and internationalization using a multivariate statistical analysis. Finally, Section 4 concludes.

2 Literature Review

2.1 Public policies, entrepreneurship and internationalization

Governments adopt public policies to foster social development and the well-being of the population. The concept of public policy means to the public sector what the concept of strategy means for the private sector: a guide, a plan or a set of guidelines that should influence the decisions and actions to be taken in the future (Mintzberg & Jorgensen, 1995).

Due to the importance of entrepreneurship, leaders and policy makers began to show increasing interest in the subject. Gradually, public policies with a more specific focus on entrepreneurs become more popular. In general, public policies include the flow of decisions made by governments to establish or maintain a social balance, based on predefined objectives and the means to achieve them (Saraiva, 2006; Howlett & Ramesh 1995). The policies to support entrepreneurship aim to increase the level of entrepreneurial activity and setting up the role of government and regulatory institutions in establishing an environment conducive to entrepreneurs (Audretsch et al., 2007; Stevenson & Lundström, 2007; Storey, 1994).

For the creation of public policies related entrepreneurship, Lundström and Stevenson (2005) emphasize the importance of analysing the specific conditions and context of the country or region. They noted that there are several stages in the process of undertaking and that the particularities of each step should be considered in the design of support policies.

Perhaps the largest obstacle in creating a conceptual framework for the entrepreneurship field has been its definition. To date, most researchers have defined the field mostly concerned by characterizing who the entrepreneur is and what he or she does. The problem with this approach is that entrepreneurship involves the nexus of two phenomena: the presence of profiting opportunities and the presence of enterprising individuals (Venkataraman, 1997)

By defining the field in terms of the individual, entrepreneurship researchers have, initially, generated incomplete definitions that do not withstand the scrutiny of other scholars (Gartner, 1988) although over the recent years important developments have emerged. Entrepreneurship concept has been around for some time and has been used with different meanings as it has evolved over time. Richard Cantillon is considered the author of the first economic theory of entrepreneurship, born in the eighteenth century and sees the entrepreneur as someone who takes a particular business venture, directing the energies for future revenues and earnings, the result of a visionary attitude. (Costa, 2008)

In fact, entrepreneurship is considered by the theories of economic base, as an important factor to trigger processes of growth and economic development associated with entrepreneurial innovation, creativity and the ability to take risks (Chaves, 2009). According to Trigo (2003), factors such as job creation, economic growth or wealth of a society are related to the importance of entrepreneurship in society.

Although entrepreneurship has been an important policy focus for decades, explicit focus on high-growth entrepreneurship is much more recent (Shane, 2009). In the European Union (EU), for example, the 'Gazelles' Expert Group of the Europe Innova initiative submitted its final report in 2008 (Autio and Hoeltzl, 2008). The first policy initiatives exclusively facilitating 'high-potential' new ventures were launched in the EU around the same time, and academic work on high-growth policies remains nascent (Mason and Brown, 2013). Therefore, although there is increasing experience on how to design high-growth policy initiatives, little is known about whether such policies actually work.

Innovation and internationalization are intrinsically related, and are, therefore, not only replaceable but complementary: when firms enter in a foreign country they are exposed to a different market context, which may help/force them to innovate regarding their products or processes.

One factor to consider is that internationalization is also a result of product innovation, it's acceptable to say that the more innovative firms are, more likely to be successful in the international markets. Therefore, many firms may be motivated to start an internationalization process, out of their need to achieve economies of scale in their research and development (R&D) budget. (Freixanet, 2014)

The internationalization of enterprises and the importance of this process for the economic development and growth of such enterprises in the local and international perspective is a widely discussed subject, both in economic and management theory and in business practice (Sliwinski and Sliwinska, 2016)

Internationalization is a complex phenomenon that passes through multiple stages (Johanson & Vahlne, 1977) and follows multiple paths. It may involve not only marketing and sales, as the export literature shows, but also a number of different business functions, such as sourcing, production, and R&D. However, the view of the firm as a mere sum of functional areas is not appropriate for a comprehensive analysis of this phenomenon because the analysis of internationalization, like any strategy, calls for a systemic view of the firm. Thus, we need to look at the firm as a whole rather than as a mere sum of functions (Cerrato & Depperu, 2011).

Not only the importance, but also the sensibility of the topic, associated to the barriers to entrepreneurship justifies policy-making efforts to improve and increase entrepreneurial ventures. Therefore, entrepreneurship policy making seems to be critical and exploring its mechanisms justifies the relevance of this research.

3. Research Methodologies

Seeking to provide internationally comparable data on entrepreneurial activity (Reynolds et al. 1999, 2005), researchers at Babson College in the United States of America (USA) and London Business School in the United Kingdom (UK) created the GEM in 1999. The purpose of the project is to use empirical data to assess the level of entrepreneurial activity across countries, to understand how entrepreneurial activity varies over time, and to understand why some countries are more entrepreneurial than others. In addition, GEM researchers seek to explore the relationship between entrepreneurial activity and economic growth and identify which public policies boost entrepreneurship.

GEM measures multiple phases of entrepreneurship. Because the conditions that affect entrepreneurship in different societies are diverse, complex and interdependent, it is difficult to determine that one phase necessarily leads to another. For example, a society with many potential entrepreneurs may have a low rate of entrepreneurial activity due to particular environmental constraints.

Consequently, the links between the phases are uneven, suggesting that the relationship is not definitive. This multiple-phase perspective provides opportunities for assessing the state of entrepreneurship in a society. For example, an economy with few established business owners may also see few individuals starting new businesses and therefore display a limited supply of entrepreneurs that could otherwise become business owners. At the same time, a significant amount of start-up activity accompanied by a relatively low number of established businesses could point either to a lack of sustainability among those start-ups or to environmental constraints that make it difficult to stay in business. (Kelley, Singer, & Herrington, 2011)

The research approach used in this paper is, to some extent, exploratory. Rather than selecting the variables that the literature identifies as impacting on the dependent variable, our approach was based on identifying the policy related variables included in the database and to analyse the extent to which they influence on the experts' perception on how government policies are effective on supporting new and growing business.

An important aspect that is critical for interpreting our results and to explain the exploratory nature of this paper is that GEM variables do not display the actual phenomena but rather national expert's perceptions on different aspects of public policies effectiveness. Therefore, our aim is to explore the extent to which there is a multiple relationship between perception of different types of policies and the effectiveness of public policies supporting start-up and growing business.

4. Results

4.1. Descriptive Analysis

We present a descriptive analysis to illustrate the scale and show the percentage of the answers to the question about the effectiveness of government programs.

Table 1: Frequencies

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Completely false	447	17,0	18,0	18,0
	Somewhat false	813	30,8	32,8	50,8
	Neither true nor false	668	25,3	27,0	77,8
	Somewhat true	471	17,9	19,0	96,8
	Completely true	79	3,0	3,2	100,0
	Total	2478	94,0	100,0	
Missing	Do not know	129	4,9		
	Does not apply	22	,8		
	Data missing	6	,2		
	System	1	,0		
	Total	158	6,0		
Total	2636	100,0			

The dependent variable "NES_C06" ("In my country, Government programs aimed at supporting new and growing firms are effective") is measured in a Likert scale, where 1=Completely false, 2=Somewhat false, 3=Neither true nor false, 4=Somewhat true, 5=Completely true. This variable was chosen in order to understand the perceptions experts on the effectiveness of public policies supporting new and growing firms. It should be noted that of the 2478 answers given to this question, the one with the highest percentage is 2 = Somewhat false with 32.8%, and the answer with the lowest percentage is 5 = Completely true with 3.2%.

4.2. Linear Regression

Aiming to understand if we can link the effectiveness of public policies to support entrepreneurship to a set of measures taken by governments, some variables were chosen through an exploratory analysis in order to observe which variables influence the opinion of the individuals, on their perception of the effectiveness of government programs used to support new and growing enterprises (dependent variable), with several other (independent) variables.

The dependent variable is "NES_C06" ("In my country, Government programs aimed at supporting new and growing firms are effective") and the independent variables that we initially used were (NES13_A03), (from NES13_A06 to NES13_B03), (from NES13_B05 to NES13_C01), (from NES13_C03 to NES13_C05), (NES13_E04), (from NES13_Q02 to NES13_Q05) and (NES13_Y108).

Using the stepwise method, some of those variables were removed, only 8 were considered for the estimation of the model as it can be seen in the table below.

Table 2: Variables

Variables	Description
NES13_C05	In my country, almost anyone who needs help from a government program for a new or growing business can find what they need
NES13_C03	In my country, there are an adequate number of government programs for new and growing businesses
NES13_Q02	In my country, policy-makers are aware of the importance of high-growth entrepreneurial activity
NES13_C04	In my country, the people working for government agencies are competent and effective in supporting new and growing firms
NES13_B02	In my country, the support for new and growing firms is a high priority for policy at the national government level
NES13_Y108	In my country, governmental programs effectively train and support youth entrepreneurs
NES13_B07	In my country, coping with government bureaucracy, regulations, and licensing requirements it is not unduly difficult for new and growing firms
NES13_C01	In my country, a wide range of government assistance for new and growing firms can be obtained through contact with a single agency

Our model returns a R^2 of 52.8%, i.e. the eight independent variables explain 52.8% of the variations in the dependent variable ("In my country, Government programs aimed at supporting new and growing firms are effective").

Such result suggests that there is a significant association between the different types of policies, suggesting that governments create a reputation amongst entrepreneurship experts. This is an important finding for public policies promotion that allows governments to learn on the importance on investing on a reputation. The creation of such reputation is important to the extent that a good reputation may be important on the effectiveness of such policies.

This is also explained by the signalling theory with important outcomes. Signalling theory is useful for describing behaviour when two parties (individuals or organizations) have access to different information. Typically, one party, the sender, must choose whether and how to communicate (or signal) that information, and the other party, the receiver, must choose how to interpret the signal.

Signalling theory is fundamentally concerned with reducing information asymmetry between two parties (Spence, 2002) and it is frequently used in the entrepreneurship literature, where scholars have examined the signalling value of board characteristics (Certo, 2003).

How do government build a favourable reputation is a question that upsurges knowing that a reputation can be a key strategic resource for the government giving the perception of the effectiveness of public policies to the experts.

Table 3: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
8	(Constant)	,061	,083		,739	,460
	NES13_C05	,291	,029	,294	10,024	,000
	NES13_C03	,131	,026	,146	5,099	,000
	NES13_Q02	,078	,022	,092	3,608	,000
	NES13_C04	,156	,027	,164	5,698	,000
	NES13_B02	,110	,022	,129	4,937	,000
	NES13_Y108	,084	,024	,084	3,507	,000
	NES13_B07	,070	,022	,075	3,111	,002
	NES13_C01	,053	,023	,060	2,345	,019

a. Dependent Variable: In my country, Government programs aimed at supporting new and growing firms are effective

The model can be written as below:

$$NES13_C06 = 0,291 NES13_C05 + 0,131 NES13_C03 + 0,078 NES13_Q02 + 0,156 NES13_C04 + 0,110 NES13_B02 + 0,084 NES13_Y108 + 0,070 NES13_B07 + 0,053 NES13_C01$$

All variables included in the model are statistically significant and all show a positive coefficient, denoting that individuals evaluate each independent variable (paired with the dependent) similarly, i.e. individuals rate the quality of the different policies in similar ways.

The variable NES13_C05 (“In my country, almost anyone who needs help from a government program for a new or growing business can find what they need”) it is the largest contributor to explain the dependent variable behaviour (“In my country, Government programs aimed at supporting new and growing firms are effective”).

The results also show that the smaller association of the dependent variables is with “In my country, a wide range of government assistance for new and growing firms can be obtained through contact with a single agency” suggesting that the organization of policy bodies is the least important aspect of the efficiency of public policy. “In my country, coping with government bureaucracy, regulations, and licensing requirements it is not unduly difficult for new and growing firms” and “In my country, policy-makers are aware of the importance of high-growth entrepreneurial activity” are also variables that are weakly associated to the effectiveness of public policies, although there is a positive association.

Therefore, the legal framework and the bureaucratic system as much as the policy maker’s awareness of the importance of high-growth firms are important for the effectiveness of public policies.

4.2. Differences between variables

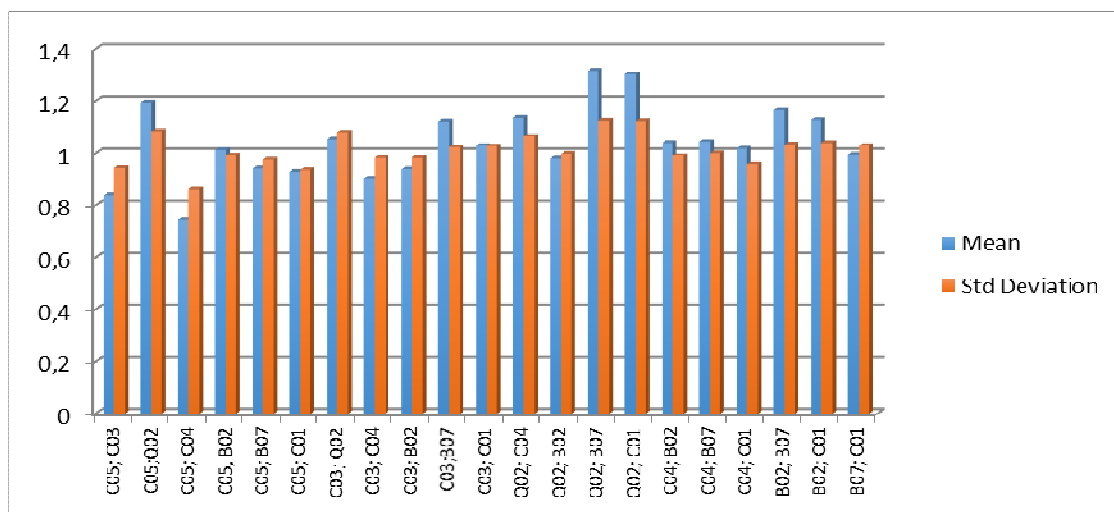
In order to understand how individuals respond to the different policy-related questions, we computed the difference between any two pair of variables (the variables included here were those previously analysed in the linear regression).

A respondent replying the same for all variables would sum zero, and this is an indication of the existence of a government reputation (as respondents tend to associate one reply to another). This provides a measure of the coherence between the different variables and also provides the opportunity to understand how the different variables distance from each other. Such measure is provided below:

Table 4: coherence between the different variables

c	C05	C03	Q02	C04	B2	B07	C01
C05		0,840	1,195	0,743	1,012	0,940	0,928
C03			1,053	0,900	0,938	1,122	1,029
Q02				1,134	0,979	1,316	1,302
C04					1,040	1,044	1,018
B2						1,166	1,128
B07							0,996
C01							

Graph 1: Statistical comparisons



Graph 2: Relationship between variables

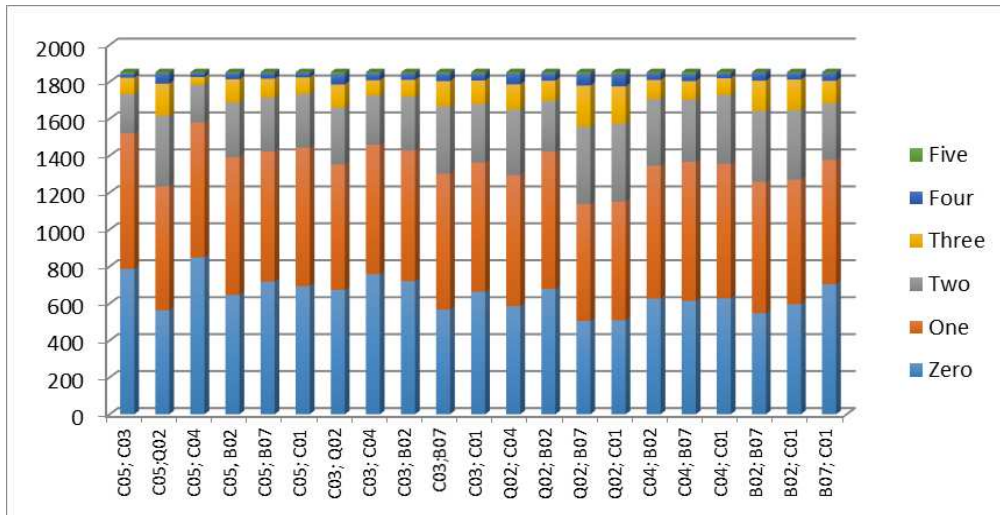


Table 5: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
C05_C03	2456	.00	4.00	.8282	.87124
C05_Q02	2414	.00	4.00	1.1959	1.03809
C05_C04	2433	.00	4.00	.7152	.80183
C05_B02	2478	.00	4.00	1.0000	.94071
C05_B07	2465	.00	4.00	.8961	.93659
C05_C01	2433	.00	4.00	.8898	.92402
C03_Q02	2410	.00	4.00	1.0270	.98457
C03_C04	2419	.00	4.00	.8284	.86753
C03_B02	2477	.00	4.00	.9124	.94176
C03_B07	2456	.00	4.00	1.0953	.99647
C03_C01	2428	.00	4.00	.9951	.96753
Q02_C04	2380	.00	4.00	1.1084	.99853
Q02_B02	2449	.00	4.00	.9588	.93821
Q02_B07	2434	.00	4.00	1.3385	1.11689
Q02_C01	2383	.00	4.00	1.3198	1.10611
C04_B02	2444	.00	4.00	.9930	.93962
C04_B07	2436	.00	4.00	1.0505	.97753
C04_C01	2395	.00	4.00	.9712	.93859
B02_B07	2510	.00	4.00	1.1606	1.04850
B02_C01	2457	.00	4.00	1.1184	1.03571
B07_C01	2440	.00	4.00	.9750	1.00541
C05_Y108	1526	.00	4.00	.9004	.88294
C03_Y108	1517	.00	4.00	.9499	.92752
Q02_Y108	1499	.00	4.00	1.1147	1.04321
C04_Y108	1508	.00	4.00	.9582	.90283
B02_Y108	1536	.00	4.00	1.0612	.98399
Y108_B07	1528	.00	4.00	1.0458	.96256
Y108_C01	1507	.00	4.00	1.0392	.93433
Valid N (list wise)	1342				

The most related variables are:

- C05 (“In my country, almost anyone who needs help from a government program for a new or growing business can find what they need”) and C04 (“In my country, the people working for government agencies are competent and effective in supporting new and growing firms”)
- C05 (“In my country, almost anyone who needs help from a government program for a new or growing business can find what they need”) and C03 (“In my country, there are an adequate number of government programs for new and growing businesses”)

The most different variables are:

- Q02 (“In my country, policy-makers are aware of the importance of high-growth entrepreneurial activity “) and B02 (“In my country, the support for new and growing firms is a high priority for policy at the national government level”)
- Q02 (“In my country, policy-makers are aware of the importance of high-growth entrepreneurial activity “) and C01 (“In my country, a wide range of government assistance for new and growing firms can be obtained through contact with a single agency”)

The analysis to these results show that respondents tend to associate the competence of policy-makers and assistants and the conditions for entrepreneurship are related to the availability of programs for entrepreneurship. In terms of distant variables, the analysis show that individuals do not associate the importance given by policy makers to high-growth business with the support for new ventures and to the existence of a single agency.

5. Conclusions

In recognizing that entrepreneurship exists in multiple phases, policy makers, practitioners and academics may thus turn their attention to the unique needs of people at particular points in this process. Initiatives may address how to identify, develop or motivate potential entrepreneurs and generate society-wide attitudes to support these people.

Programs may focus on the specific needs of people in the process of starting a business as opposed to those who are running new or established businesses. There may be key considerations regarding an entrepreneur's ability to close a business when it is no longer viable; programs may enable such people to use their experience and resources to venture out again or to assist other entrepreneurs.

The perceptions of experts regarding the conditions for entrepreneurship associate the effectiveness of policies to a number of other related policy aspects. Our results show that such effectiveness is associated to the information and infrastructures available; the adequacy of the programs; the recognition of the importance by the public bodies towards entrepreneurship policies; the competence and effectiveness of policy related institutions; the priority of such policies in the context of the national policies; the existence of support for young entrepreneurs; the bureaucratic system and the regulatory framework; and the concentration of policies under a single institution.

In addition to these findings we decided to investigate the extent to which respondents (experts) do respond similarly to the different policy related questions. Although this has not been thoroughly investigated this research strategy raises opportunities for further investigation. Such approach allows the construction of an index that assesses how respondents associate responses to one variable to other questions.

If one confirms such situation, one can refer to the existence of a reputation, created by the government and that respondents are influenced by such reputation and that affects their replies, i.e. the reply to different questions tend to converge. This remains as ideas for future investigation.

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CHAPTER 3

Public Policies for Entrepreneurship and internationalization: is there a Government Reputation Effect?

Abstract

The last major economic and financial crisis that has plagued the world in recent years and has made business difficult, prompted entrepreneurs to be more creative and policy makers to be more effective in the important role they can play in economic growth through of government support for entrepreneurship and the internationalization of firms. The main concern of policy-makers is to avoid the problems resulting from the economic crisis. One way to avoid these problems is to stimulate economic growth as well as the economic activity needed to reduce unemployment and increase well-being. Recent academic literature shows entrepreneurship as a key factor to increase economic growth, so it is important to understand a set of concepts related to this topic and their relevance to the economic growth of these firms. The main objective of this article is to analyse some concepts about public policies associated with entrepreneurship and the internationalization processes of firms. Our findings result from a number of multivariate techniques based on the Global Entrepreneurship Monitor 2012 survey. The data allowed calculating a coherence index that shows that respondents tend to associate the different responses i.e. that suggest that there is a reputation effect when experts evaluate public policies.

Keywords: Public policies, economic growth, innovation, entrepreneurship and internationalization

1 Introduction

The economic crisis experienced by several countries in recent years has led to several investigations into the factors that could lead to successful economic growth, thus reducing economic problems such as unemployment or inequality. (Castaño, Méndez, & Galindo, 2016)

In recent decades, the phenomenon of entrepreneurship has attracted great attention both in the area of scientific research and in policy making. Entrepreneurship has been widely recognized as a means of job creation, innovation and economic growth, (Audretsch and Keilbach 2004; Wong, Ho, and Autio 2005), and this has given rise to numerous government policies aimed at improving entrepreneurship and helping the survival and growth of new businesses. (Collett, Pandit, and Saarikko 2014; Gilbert, Audretsch, and McDougall 2004; Hart and Scott 1994; Huggins and Williams 2011; Kitching 2006; Meccheri and Pelloni 2006; Murdock 2012; Niska and Vesala 2013; North and Smallbone 2006; Von Bargen, Freedman, and Pages 2003).

Shane (2009) calls a 'dangerous myth' the policy-makers' belief that start-ups will generate innovation and create jobs.

Fritsch and Mueller (2004) suggest that public policy should avoid interventions that disturb the survival of the fittest.

The debate on these issues originated a set of investigations dedicated to the relationship between government programs and policies that promote entrepreneurship and different measures of economic growth. (Pergelova & Angulo-Ruiz, 2014)

Policies to support entrepreneurship represent a field in development, whose main characteristics are the complexity and the hybrid nature of governmental actions and omissions. (Barboza, Fonseca, & Ramalheiro, 2017)

The internationalization of firms and the relevance of this process to the economic development and growth of these firms, from an international perspective, is also a subject widely discussed in both economic and management theory and business practice. (Sliwinski & Sliwiska, 2016)

The effectiveness of these policies is, to a large extent, a reflect of the governmental reputation (Drennan, McGowan, & Tiernan, 2016; Balleisen, 2017; Werner, 2015), regardless of their nature.

The literature on the government seems to suggest that there is a contagion effect that, once a government has gained a certain reputation, it will apply to all different policy areas, i.e. there is a convergence of citizens perceptions towards policy making.

Therefore, the aim of this research is to explore the existence of a governmental reputation amongst entrepreneurship experts regarding policy making, i.e. to evaluate if experts' evaluation of policies are convergent and based on a reputation. For such purpose we used a number of multivariate techniques applied to GEM database, including the individual and global National Experts Survey (NES) databases.

2 Literature Review

2.1 Entrepreneurship and economic growth

According (Chen, Lin, & Vanessa, 2017) entrepreneurship is the process of designing, launching and executing a new business and will tend to include topics such as government programs, services, entrepreneurship courses, financial support, etc. that promote and support Entrepreneurs, already entrepreneur concept can be described as the person who starts their own business, and takes the risk but can make profits.

The globalization of markets, coupled with a high rate of technological change, requires firms to adapt rapidly to maintain their competitiveness in the macroeconomic context in which they operate.

Competitiveness, on the other hand, presupposes that firms are efficient and generate results, equal or superior to those of competitors, in meeting the needs and expectations of their clients and other economic agents. An effective response to market volatility is therefore decisive for the survival of firms and increasingly requires them to be innovative in both the creation and development and in the production and marketing of new and improved products and/or services, which requires, a priori, R&D, in the different aspects of its activity.

On the other hand, the ability of firms to innovate alone is not enough, and it is equally essential that they present an entrepreneurial profile to turn innovations into profitable businesses.

One of the factors that the literature mentions in order to achieve sustainable economic growth is the existence of a group of entrepreneurs who can take risks and use the financial resources available to create new businesses. These individuals are the major broadcasters of innovations and technological advancements that can increase a country's economic productivity and promote economic growth. (Castaño et al., 2016)

Introducing entrepreneurship as the ability to successfully introduce new combinations of resources that already exist, Schumpeter presents the entrepreneur as someone motivated, resilient to the resistances (his and the environment), profit oriented, innovative and capable of implementing these innovations in such a way as to bring about major changes in the economy - the process of "creative destruction". Another line that fits into the effort to define entrepreneurship refers to the distinction between types of entrepreneurship: opportunity and necessity. (Almeida & Santos, 2013)

The antecedents of entrepreneurship can be internal or environmental; in fact, there is a close relationship between the internal and environmental antecedents of entrepreneurship. Economic crises are powerful pressure factors. Pressure factors are related to external conditions that force people to entrepreneurship because of the lack of viable alternatives. In addition to unemployment, pressure factors include the quest for autonomy and difficulties in finding work for educational, race, class or gender reasons. Economic crises and periods of high unemployment can propel individuals into self-employment due to the absence of other opportunities. On the other hand, attraction factors attract entrepreneurs to create firms as a way to take advantage of market opportunities. (Devece, Peris-Ortiz, & Rueda-Armengot, 2016)

Motivation by impulse stimulates entrepreneurship by necessity, while motivation of attraction forms the basis for entrepreneurs of opportunities to create start-ups. This distinction is important because the motivation can affect the entrepreneur in the way of running his business and therefore can affect the performance of the enterprise (Hessels, van Gelderen e Thurik, 2008).

2.2 Innovation

Innovation stems from the ability of a firm, economy or society to adapt to different environments and circumstances, in order to respond effectively to the needs and expectations of economic agents. R&D is the basis of innovation, as it is materialized through research processes involving experimental and theoretical procedures with the aim of obtaining new knowledge.

This knowledge, in turn, can be used in the systematic development of new materials, products or processes, in systems and services, or in the substantial improvement of those already existing that, when placed in the market efficiently, generate competitiveness for the country.

Innovation is an important way of generating different resources and competitive advantages (Rosenbusch, Brinckmann and Bausch 2011).

Government support for start-ups is primarily aimed at introducing innovative new products to markets, since entrepreneurship has been recognized as a source of innovation. Entrepreneurs' ability to bring innovations to the marketplace should contribute to subsequent performance outcomes, such as sales growth and job creation, increased productivity and profitability and, ultimately, increased economic and social well-being (Fritsch, 2008).

In particular, as Michael and Pearce (2009) argue, encouraging innovation is an important justification for government support for entrepreneurship, as innovation increases competition, reduces prices and creates jobs (Lerner 2010; Rotger, Gørtz and Storey 2012), and more importantly through innovation, entrepreneurship creates wealth for both individuals and countries. (Pergelova & Angulo-Ruiz, 2014)

2.3 Internationalization

In the modern world, foreign trade no longer has exclusivity in the way countries interact economically. Investors in one country often invest funds in another nation; more and more firms are multinational, with subsidiaries operating in several countries; and an increasing number of people work in a country other than the one in which they were born. The development of all these forms of economic linkages between countries is globalization. (Krugman P., R.Wells, K.Graddy 2014).

Globalization is a general term used to describe the growing process of international economic integration, which encompasses a significant increase in trade in goods and services and an increase in inter-frontier mobility of productive factors. The increasing interdependence between countries is largely due to the action of multinational firms, either through international trade or, at a later stage, by locating production, R&D or other units through Foreign Direct Investment (FDI) in several countries. If we are part of a society in which globalization is a key element and the European and global dimension of business is a fact, it is imperative to be able to use entrepreneurial skills in an international context.

The international field of entrepreneurship, to date, has seen a lot of interest in the process of internationalization of firms, particularly in the early stages of the internationalization process and, in particular, in the distinct characteristics of firms that are internationalized very quickly. Global born is a significant focus for researchers because their internationalization behaviour can be described as entrepreneurial (McDou-gall & Oviatt, 2000) in that it is innovative, proactive and risk-seeking (Covin & Slevin, 1991) and is characterized by the speed and reach of the firm's international efforts from the outset (Knight & Cavusgil, 1996; Madsen & Servais, 1997; Rennie, 1993). (Acedo & Jones, 2007)

Although born global are different from fast growing firms, they have many similarities, and some also belong to the rapidly growing group of firms. The impact of corporate orientation on corporate performance and its growth in international markets has been confirmed by several studies. Moreno/Casillas (2008) confirmed that corporate orientation affects not only the firm's growth but also its internationalization strategies. They indicate that one of the dimensions of entrepreneurial orientation, ie the trend of innovation, has its greatest impact on the firm's expansion strategy in international markets (Sliwinski & Sliwinska, 2016).

The theory of internationalization was built on the intellectual foundations of transaction cost established by Coase (1960) and applied for the first time to multinational corporations by Buckley and Casson (1976) and Hennart (1982).

These last two works suggest that the firm's specific advantages determine a firm's domestic and international success, with the environment acting as a constraining or facilitating force. Madhok (1998) emphasized the influence of Coase's view that the arguments based on transaction costs have been dominant in attending to the mode of entry decisions in the foreign market of multinational firms. (Cansino, Lopez-Melendo, Pablo-Romero, & Sánchez-Braza, 2013).

Internationalization can be considered as a gradual and evolutionary process in which firms progressively increase their involvement in international business. It is a beneficial process for the firm and for the national and local economy. Internationalization can generate economies of scale in local firms and promote the transfer of technology and managerial knowledge, generating growth and employment (Austrade, 2002).

These benefits explain the implementation of export promotion activities and publicly funded programs, since the benefits will justify the costs associated with this government expenditure. (Cansino et al., 2013)

2.4 Public Policies

Leyden and Link (2015) define entrepreneurship in the public sector as the process of identifying and exploiting the opportunities so far untapped, which is, involving the uncertain process of public sector innovation. Unlike private-sector entrepreneurship, this innovation process focuses on government policies. These policies can take a direct form that manifests itself in government institutional reform to make it economically more productive, or an indirect way that tries to make the private sector environment more conducive to corporate action through changes in the private sector gambling rules . Thus public sector entrepreneurship refers to innovative public policy initiatives that generate greater economic prosperity by transforming the status quo from an economic environment into one that is more conducive to individuals in the public sector or the private sector engaging in innovative activities. (Leyden, 2016)

Overall, SMEs support innovation-driven economies, creating innovation, jobs and economic growth. Policy makers in developed economies therefore focus on growth-seeking firms. (Beynon, Jones, & Pickernell, 2016) Public policies to support entrepreneurship can encourage or hinder the emergence of this phenomenon and this is one of the main aspects to be considered. The literature has investigated this issue through different aspects such as different types of policies or the impact of policies and regulations on entrepreneurship. (Campbell & Mitchell, 2012).

According to Necula (2016), the process of formation of generations takes years, so it should be noted that ensuring the stability and predictability of the entire public sector is essential to support innovation processes. According to the author, there are three significant sources of economic development, (1) new knowledge, (2) innovation and (3) public infrastructure. The political factor is of crucial importance in ensuring long-term economic development.

Public policy is recognized as a key instrument that governments use to stimulate the entrepreneurial spirit and economic prosperity of nations. Policies to boost entrepreneurship are a field still in the making given its complexity and its hybrid character are striking. Sarfati (2013) considers that public policies to stimulate entrepreneurship (with special emphasis on SMEs) should be based and grounded by the constraints of the entrepreneurial activity, through regulatory policies and stimulus policies. Regulatory policies are those that define the rules of entry and exit of business, labour and social rules, property, tax, intellectual property, bankruptcy and those that affect liquidity and availability of capital - including interest rates and

access to finance. With regard to stimulus policies, it is indicated that they are related to actions that directly promote the entrepreneurial activity. (Barboza et al., 2017)

Public policies resonate in the economy and in societies; hence any theory of public policy must explain the interrelationships between state, politics, economy and society. Public policy can then be summarized as the field of knowledge that seeks both to "put the government into action" and/or to analyse that action (independent variable) and, when necessary, to propose changes in the course or course of these actions (dependent variable). The formulation of public policies is the stage at which democratic governments translate their purposes and electoral platforms into programs and actions that will produce results or changes in the real world. (Souza, 2006)

Policies favouring entrepreneurship are those that somehow make it easier or cheaper for a person to start a new business. There are a number of such policies ranging from subsidized loans or other commercial cost subsidies (such as those provided by accelerators or science parks), reduced taxes on capital investments, reduction of hiring costs, provision of information or other market mechanisms, specific subsidies to open a business in a particular location or industry. (Acs, Åstebro, Audretsch, & Robinson, 2016)

According to (Mahoney et al., 2009) public policy interventions are justified when market mechanisms fail and public benefits may arise. Policies that facilitate the creation and growth of new enterprises meet both criteria. New enterprises face a harsh struggle to access and mobilize resources as well as the very high risk for their own survival. They are also an important source of economic and social benefits, such as job creation, innovation and economic dynamism. Recognizing these benefits, governments that have realized these shortcomings are willing to correct them.

Other than the policy that promotes specific activities, there is public sponsorship that promotes new organizations, namely, new business enterprises. Public sector operators offer two major sponsorship functions: 'buffering' and 'bridging' (Amezcuca et al., 2013).

With buffering, governments allocate resources to protect new enterprises against the adverse effects of the scarcity of domestic resources and dependencies on external resources. In addition to financial subsidies, these resources may include, for example, low-cost offices, advisory services, tax exemptions, and private access

to government contracts. Bridging facilitates the connectivity of new businesses with external stakeholders and can include, for example, networking, branding, mentoring and facilitation with business angels and venture capitalists. Fundamentally, both buffering and bridging attempt to improve resource constraints and mitigate the resource dependencies underlying the high risk for new business survival (Singh et al., 1986). (Autio & Rannikko, 2016)

2.5. Governmental Reputation Effect

The economic activity is based on the expectations of economic agents that are, to a large extent, influenced by the preconceived idea of other economic agents. To that extent, reputation is expected to play a significant role on the expectations of others' actions (e.g. Avril, 2016; Werner, 2015; Dimitrova, Korschun, & Yotov, 2017; or Canel, Oliveira, & Luoma-aho, 2017; (Maor, 2016)).

The literature addresses many examples that help supporting the argument that economic agents' reputation have an effect on the outcome of their actions, both at the private and public sector levels.

Reputation is a key element on organisational studies, particularly in what regards the marketing function. The literature addresses several findings that support such approach, ranging in terms of the type of reputation and on the effect on businesses performance.

Kabbach de Castro, Aguilera, & Crespi-Cladera (2017) refer to the family firms and their noncompliance, suggesting that control increases noncompliance, but that socio worthiness stemming from image and reputation has a decreasing effect. However, the authors refer that in countries with strong governance institutions, control dominates reputation effects on the presence of a potential agency conflict in family-based businesses.

To that extent, Cwiak (2014) refers that reputation is one organisation's most important asset. The author refers to the perceptions of the different stakeholders on the organisational reputation as factors that enhance or destroy such reputation. Therefore, given the importance of the reputation in the organisation's performance, Cwiak (2014) refers that the perceptions of such audiences need to be taken into account on the definition of the organisation's reputation management strategy. Thus, creating and managing a reputation through the management of the different organisation's audiences seems to be critical for the success of organisations in a competitive environment.

Picci (2011) refers to eBay as an example of reputation and of its effect on the trust developed by the customers. The creation of an index of reputation provides a reputation-based governance model that is illustrative of the effect that reputation has on business and on the creation of expectations of both buyers and sellers. The author related this reputation-based governance model to contemporary politics, as the author argues that there is a process of assessing policy outcomes that is continuous and distributed and that constitutes reputational incentives, that results on governmental effectiveness and efficiency. This effect would be even more impacting if citizens could (in a similar way as on eBay) benefit from a platform for disclosing their perceptions on the outcomes of policy making.

In what refers to international trade, Dimitrova, Korschun, & Yotov (2017) refer that the stimulation of one country's exports is based on the country's reputation as it levers its position in terms of trade negotiations and free trade agreements. In addition, the authors' findings also show that the country's reputation may also have an impact on the businesses leaders on their selection of the countries they are willing to export.

Fullerton & Kendrick (2017) have also used a country's reputation scale based on leadership, investment and culture to show that there is a reputation effect on the tourism activity through tourists interest for the United States, but the results also show that there is an interest to visit the USA based on the attitude towards the United States government.

The government reputation also seems to have an impact on building legitimacy for conducting societal issues, as it is the case of the immigration policies (Canel, Oliveira, & Luoma-aho, 2017).

The perspectives explained above provide a clear demonstration that governments enjoy of a reputation that can either benefit the outcome of policies or undermine their effectiveness. However, it is important to demonstrate that the citizens' perceptions of policies may differ from their actual effectiveness. In addition, one may also argue citizens tend to evaluate similarly different types of policies, influenced by their perceptions on the government reputation. This argument explain the research methodology employed in this paper.

3. Data and Research Methodologies

The data used in this research was the GEM Database NES (individual level and global level). The individual level database includes observations collected from 2636 experts distributed by 69 countries.

This database includes a large number of variables, measured in a 5 points likert scale, referring to the experts' opinion about their country's conditions to entrepreneurship and to the policy-making.

3.1 Data

Previous research has used a number of variables to explain (through linear regression) NES_C06" ("In my country, Government programs aimed at supporting new and growing firms are effective").

The variables identified as dependents are in table 6.

Table 6: Dependent variables

Variables	Description
NES_C06	In my country, Government programs aimed at supporting new and growing firms are effective
NES13_C05	In my country, almost anyone who needs help from a government program for a new or growing business can find what they need
NES13_C03	In my country, there are an adequate number of government programs for new and growing businesses
NES13_Q02	In my country, policy-makers are aware of the importance of high-growth entrepreneurial activity
NES13_C04	In my country, the people working for government agencies are competent and effective in supporting new and growing firms
NES13_B02	In my country, the support for new and growing firms is a high priority for policy at the national government level
NES13_Y108	In my country, governmental programs effectively train and support youth entrepreneurs
NES13_B07	In my country, coping with government bureaucracy, regulations, and licensing requirements it is not unduly difficult for new and growing firms
NES13_C01	In my country, a wide range of government assistance for new and growing firms can be obtained through contact with a single agency

In addition to these variables (included at the individual level) the GEM database which includes the same information at a global level (computed by the mean of the variables) was also used.

3.2 Research Methodologies

In order to explore the governmental reputation a series of techniques were used in this research. Initially, in order to learn if individuals tended to replicate their replies, it was computed the differences between the replies for each pair of variables. This allowed to identify individuals that provided more similar replies and to observe which variables were the most similar.

Following to this, a measure of coherence was calculated, taking into account the number of differences that were equal to 0; 1; 2; 3; 4; and 5. This measure was calculated by:

$$\text{Coherence Index} = (\text{count of 0 differences} * 0) + (\text{count of 1 differences} * 1) + (\text{count of 2 differences} * 2) + (\text{count of 3 differences} * 3) + (\text{count of 4 differences} * 4).$$

This measure of coherence has allowed performing cluster analysis and to identify three groups of countries, based on the mean and standard deviation of the coherence for each country.

In order to characterise the clusters, ANOVA techniques allowed to understand for what variables there are differences in the means of the three clusters.

Finally, in order to understand what factors influence the coherence of replies, linear regression was used to explore what dependent variables could explain the homogeneity of replies within the same country.

5. Results

After computing the differences for every pair of variances, some descriptive statistics allow characterising the database as a whole. The table below considers all individuals included in the databases.

Table 7: Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Number of zero differences between 2 variables	2636	.00	28.00	8.3080	4.55303
Number of one differences between 2 variables	2636	.00	16.00	8.8441	4.53211
Number of two differences between 2 variables	2636	.00	16.00	4.2606	3.35999
Number of three differences between 2 variables	2636	.00	16.00	1.6870	2.48050
Number of four differences between 2 variables	2636	.00	12.00	.3517	1.17807
Number of five differences between 2 variables	2636	.00	.00	.0000	.00000
Valid N (listwise)	2636				

The table, above, shows that most individuals show 0 or 1 differences between variables. In fact, for each pair of variables, there is, in average 8,3 times where there are no differences and 8,4 times 1 differences. For some individuals, 28 pairs of variables are responded with the same value, and in some cases, 1 point separates the responses in 16 pairs of variables.

The table shows that the occurrence of zero points of difference or 1 point represents the majority of the cases, indicating the convergence of replies in most of the cases. This was the first indication of a convergence on the replies.

Table 8: Case summaries

Country	Number of zero differences	Number of one differences	Number of two differences	Number of three differences	Number of four differences	Number of five differences
USA	35%	33%	21%	10%	1%	0%
Russia	41%	35%	19%	4%	1%	0%
South Africa	37%	40%	19%	4%	0%	0%
Greece	40%	45%	12%	3%	0%	0%
Netherlands	32%	34%	23%	8%	4%	0%
Belgium	30%	38%	22%	8%	2%	0%
France	27%	34%	27%	10%	2%	0%
Spain	32%	30%	18%	15%	5%	0%
Hungary	34%	40%	21%	4%	0%	0%
Italy	43%	38%	13%	6%	0%	0%
Romania	43%	46%	9%	1%	0%	0%
Switzerland	33%	41%	19%	6%	1%	0%
United Kingdom	29%	37%	21%	11%	1%	0%
Sweden	29%	37%	20%	12%	2%	0%
Norway	34%	35%	20%	9%	2%	0%
Poland	29%	37%	24%	9%	1%	0%
Germany	34%	33%	26%	6%	1%	0%
Peru	40%	41%	17%	1%	0%	0%
Mexico	33%	40%	20%	5%	1%	0%
Argentina	33%	43%	18%	6%	0%	0%
Brazil	38%	42%	15%	4%	1%	0%
Chile	35%	37%	21%	7%	1%	0%
Colombia	38%	37%	17%	7%	1%	0%
Malaysia	36%	39%	18%	6%	0%	0%
Indonesia	33%	33%	21%	9%	3%	0%
Philippines	45%	30%	18%	7%	0%	0%
Singapore	48%	35%	13%	4%	0%	0%
Thailand	33%	45%	18%	5%	0%	0%
South Korea	34%	42%	19%	4%	0%	0%
Vietnam	36%	43%	16%	4%	1%	0%
China (PRC)	31%	41%	20%	8%	1%	0%
Turkey	30%	41%	20%	8%	1%	0%
India	47%	28%	11%	13%	1%	0%

Iran	43%	48%	9%	0%	0%	0%
Canada	31%	34%	25%	8%	1%	0%
Algeria	25%	32%	24%	12%	7%	0%
Libya	38%	39%	13%	8%	3%	0%
Ghana	33%	38%	19%	7%	2%	0%
Nigeria	35%	35%	19%	9%	1%	0%
Angola	30%	30%	21%	15%	4%	0%
Uganda	31%	37%	14%	13%	5%	0%
Zambia	30%	37%	22%	10%	2%	0%
Namibia	37%	35%	20%	7%	2%	0%
Malawi	39%	30%	16%	11%	3%	0%
Botswana	35%	35%	20%	9%	1%	0%
Portugal	35%	35%	21%	6%	2%	0%
Luxembourg	38%	38%	16%	6%	2%	0%
Ireland	28%	35%	25%	9%	4%	0%
Finland	26%	43%	22%	7%	2%	0%
Lithuania	34%	39%	16%	10%	1%	0%
Latvia	35%	40%	20%	5%	0%	0%
Estonia	38%	31%	21%	7%	2%	0%
Croatia	45%	40%	11%	3%	1%	0%
Slovenia	40%	39%	15%	5%	0%	0%
Bosnia & Herzegovina	42%	43%	12%	2%	0%	0%
Macedonia	33%	40%	21%	5%	1%	0%
Czech Republic	36%	40%	19%	4%	0%	0%
Slovak Republic	43%	38%	14%	3%	1%	0%
Guatemala	35%	42%	16%	6%	1%	0%
Panama	31%	41%	20%	7%	1%	0%
Ecuador	31%	40%	22%	6%	1%	0%
Suriname	39%	29%	14%	13%	5%	0%
Uruguay	30%	45%	20%	5%	0%	0%
Taiwan	45%	41%	10%	3%	0%	0%
Israel	42%	37%	10%	9%	2%	0%
Barbados	37%	30%	26%	6%	1%	0%
Puerto Rico	34%	41%	19%	6%	1%	0%
Trinidad & Tobago	34%	32%	17%	14%	2%	0%
Jamaica	34%	34%	16%	13%	3%	0%
Total	35%	38%	18%	7%	1%	0%

An analysis at the national level shows that the countries were the replies were the most homogeneous are (based on the % of zero or 1 differences) are: Russia, Greece, Italy, Romania; Philippines; Singapore; Thailand; India, Iran, Croatia; and Taiwan. On the other hand, Trinidad & Tobago; Suriname; Uganda, Angola; Algeria; and Spain are the countries were the replies are the most heterogeneous (based on 3 and 4 points differences).

Based on such differences, a measure of coherence was calculated. The means of the coherence for each country were calculated and a cluster analysis was performed, as below:

5.1. Cluster Analysis

The analysis of clusters allowed creating three groups of countries.

Table 9: Number of cases in each cluster

Cluster	1	24.000
	2	18.000
	3	27.000
Valid	69.000	
Missing	.000	

The cluster analysis was statistically significant.

Table 10: ANOVA

	Cluster		Error		F	Sig.
	Mean Square	df	Mean Square	df		
Mean of Coherence	824.152	2	3.749	66	219.819	.000
Mean of Variance	52.123	2	3.032	66	17.190	.000

The F tests should be used only for descriptive purposes because the clusters have been chosen to maximize the differences among cases in different clusters. The observed significance levels are not corrected for this and thus cannot be interpreted as tests of the hypothesis that the cluster means are equal.

After the division of countries in clusters, all variables in the database was tested to verify if there were statistically different means between the different clusters. The variables that resulted to be different between the clusters are the one included in the table below:

Table 11: ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
In my country, the vocational, professional, and continuing education systems provide good and adequate preparation for starting up and growing new firms	Between Groups	.777	2	.389	2.755	.071
	Within Groups	9.306	66	.141		
	Total	10.084	68			
In my country, new and growing firms can afford the latest technology	Between Groups	.646	2	.323	2.769	.070
	Within Groups	7.700	66	.117		
	Total	8.346	68			
In my country, new and growing firms can afford the cost of using subcontractors, suppliers, and consultants	Between Groups	.555	2	.278	2.720	.073
	Within Groups	6.734	66	.102		
	Total	7.289	68			
In my country, new and growing firms can enter markets without being unfairly blocked by established firms	Between Groups	.697	2	.349	2.527	.088
	Within Groups	9.109	66	.138		
	Total	9.806	68			
In my country, there are plenty of good opportunities for the creation of new firms	Between Groups	.810	2	.405	2.612	.081
	Within Groups	10.228	66	.155		
	Total	11.038	68			
In my country, there are plenty of good opportunities to create truly high growth firms	Between Groups	1.141	2	.571	3.332	.042
	Within Groups	11.302	66	.171		
	Total	12.443	68			

Table 12: Report

Cluster Number of Case	vocational, professional, and continuing education systems provide good and adequate preparation for starting up and growing new firms	new and growing firms can afford the latest technology	the new and growing firms can afford the cost of market entry	new and growing firms can enter markets without being unfairly blocked by established firms	there are plenty of good opportunities for the creation of new firms	there are plenty of good opportunities to create truly high growth firms	
1	Mean	3.0335	2.1916	2.6042	2.7228	3.7751	3.3430
	N	24	24	24	24	24	24
	Std. Dev.	.39247	.34213	.24846	.30665	.32526	.31742
2	Mean	2.8158	1.9736	2.4294	2.4667	3.7276	3.1597
	N	18	18	18	18	18	18
	Std. Dev.	.35540	.33014	.28195	.29840	.35421	.40022
3	Mean	2.8075	2.1961	2.4730	2.5761	3.5360	3.0445
	N	27	27	27	27	27	27
	Std. Dev.	.37295	.34835	.38644	.45708	.46667	.49074
T	Mean	2.8883	2.1365	2.5073	2.5986	3.6692	3.1784
ot	N	69	69	69	69	69	69
al	Std. Dev.	.38508	.35034	.32131	.37974	.40289	.42776

Such an approach allowed characterising the different clusters.

Table 13: Clusters

	Cluster 1 (24 countries)	Cluster 2 (18 countries)	Cluster 3 (27 countries)
	USA Belgium Switzerland Sweden Argentina Colombia Malaysia Indonesia Thailand South Korea Vietnam <u>India</u> Libya Ghana Uganda* Malawi Botswana Luxembourg Finland Lithuania Slovenia Panama Uruguay Puerto Rico	France Spain* United Kingdom Norway Poland China (PRC) Turkey Canada Algeria* Nigeria Angola* Zambia Namibia Ireland Suriname* Barbados Trinidad & Tobago* Jamaica	<u>Russia</u> South Africa <u>Greece</u> Netherlands Hungary <u>Italy</u> <u>Romania</u> Germany Peru Mexico Brazil Chile <u>Philippines</u> <u>Singapore</u> <u>Iran</u> Portugal Latvia Estonia <u>Croatia</u> Bosnia & Herzegovina Macedonia Czech Republic Slovak Republic Guatemala Ecuador <u>Taiwan</u> Israel
vocational, professional, and continuing education systems provide good and adequate preparation for starting up and growing new firms	3.0335	2.8158	2.8883
new and growing firms can afford the latest technology	2.1916	1.9736	2.1365

the new and growing firms can afford the cost of market entry	2.6042	2.4294	2.5073
new and growing firms can enter markets without being unfairly blocked by established firms	2.7228	2.4667	2.5986
there are plenty of good opportunities for the creation of new firms	3.7751	3.7276	3.6692
there are plenty of good opportunities to create truly high growth firms	3.3430	3.1597	3.1784

Cluster 1 includes countries with a higher appreciation of their vocational, professional and continuing education system, where developing firms are seen as having the resources to buy the latest technology and to afford the cost of entering the market without facing the risk of being blocked by established firms; and where experts consider that there are good opportunities to create new firms (including high-growth ones). Cluster 2 includes the group of countries where such appreciation is the lowest. Cluster 3 includes the countries with a moderate appreciation for the conditions above described. In addition, cluster 3 includes most countries showing the most homogeneous replies (or higher coherence index - countries underlined) and cluster 2 includes most countries signalled as the least homogeneous replies (signalled with *).

5.2. Linear regression

Subsequent to divide countries according to their coherence index, linear regression was performed, in order to learn what variables explain such index (the dependent variable). The variables included in the model explain 99% of the total variance of the coherence index and the model, overall, is statistically significant.

Table 14: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
26	.998 ^a	.997	.992	.44319	2.027

aa. Dependent Variable: Mean of Coherence

Table 15: ANOVA

	Model	Sum of Squares	df	Mean Square	F	Sig.
26	Regression	1079.426	26	41.516	211.367	.000 ^{aa}
	Residual	3.536	18	.196		
	Total	1082.961	44			

a. Dependent Variable: Mean of Coherence

Table 16: Coefficients

Model	Unstandar. Coef.		Standar. Coef.	t	Sig.
	B	Std. Error	Beta		
(Constant)	-22.067	2.070		-10.660	.000
In my country, consumers are open to buying products and services from new, entrepreneurial firms	3.161	.339	.199	9.327	.000
In my country, there are an adequate number of government programs for new and growing businesses	7.524	.330	.807	22.776	.000
In my country, there are adequate government subsidies for new and growing firms to acquire new technology	-1.674	.358	-.169	-4.679	.000
In my country, the level of business and management education provide good and adequate preparation for starting up and growing new firms	-5.754	.421	-.442	-13.664	.000
In my country, there is sufficient funding available through initial public offerings (IPOs) for new and growing firms	-9.085	.260	-1.148	-34.923	.000
In my country, successful entrepreneurs have a high level of status and respect	6.158	.369	.659	16.698	.000
In my country, the young adults consider life/work opportunities outside the country to be more attractive	4.517	.191	.526	23.633	.000
In my country, individuals can easily pursue entrepreneurial opportunities	5.792	.270	.585	21.481	.000
In my country, financiers (banks, informal investors, business angel..) fund young adults business initiatives	4.506	.261	.431	17.268	.000
In my country, there are enough subcontractors, suppliers, and consultants to support new and growing firms	5.733	.290	.475	19.755	.000
In my country, new and growing firms can enter markets without being unfairly blocked by established firms	-8.797	.380	-.654	-23.156	.000
In my country, the new and growing firms can afford the cost of market entry	6.186	.480	.381	12.895	.000
In my country, supporting rapid firm growth is a high priority in entrepreneurship policy	-3.930	.389	-.398	-10.091	.000
In my country, conflict situations form a substantial barrier for youth/young adults to start and grow a business	-4.117	.278	-.403	-14.816	.000
In my country, existing labor regulations allow people to perfectly harmonize personal and working life	-2.796	.268	-.280	-10.425	.000
In my country, it is widely recognized that inventors' rights for their inventions should be respected	3.660	.323	.403	11.325	.000
In my country, people working in entrepreneurship support initiatives have sufficient skills and competence to support high-growth firms	-6.740	.513	-.570	-13.133	.000

In my country, the illegal sales of 'pirated' software, videos, CDs, and other copyrighted or trademarked products is not extensive	-2.272	.298	-.264	-7.612	.000
In my country, Colleges and universities provide good and adequate preparation for starting up and growing new firms	3.296	.400	.244	8.236	.000
In my country, policy-makers are aware of the importance of high-growth entrepreneurial activity	1.318	.345	.143	3.817	.001
In my country, the people working for government agencies are competent and effective in supporting new and growing firms	2.915	.442	.263	6.600	.000
In my country, there is sufficient venture capitalist funding available for new and growing firms)	1.201	.347	.115	3.464	.003
In my country, Youth have easy access to primary and secondary education	-1.294	.179	-.184	-7.216	.000
In my country, youth and young adults face greater constraints to entrepreneurship relative to the general adult population	1.365	.277	.111	4.925	.000
In my country, new or growing firms can get good access to utilities (gas, water, electricity, sewer) in about a month	1.124	.281	.132	3.992	.001
In my country, the national culture emphasizes the responsibility that the individual (rather than the collective) has in managing his or her own life	-.711	.288	-.064	-2.466	.024

The coherence index is higher for the countries where there is a smaller convergence of responses. Therefore, one can use this index as a measure of a reputation, to the extent, that the more coherent experts are about their country the stronger the reputation developed by their governments. To that extent, variables with a negative sign on their coefficient are those that seem to increase the government reputation. Therefore, the analysis to the regression coefficients show that government reputation increases in countries where:

- There are adequate government subsidies for new and growing firms to acquire new technology;
- The level of business and management education provide good and adequate preparation for starting up and growing new firms;
- There is sufficient funding available through initial public offerings (IPOs) for new and growing firms;
- New and growing firms can enter markets without being unfairly blocked by established firms;
- supporting rapid firm growth is a high priority in entrepreneurship policy;
- Conflict situations form a substantial barrier for youth/young adults to start and grow a business;

- Existing labour regulations allow people to perfectly harmonize personal and working life;
- People working in entrepreneurship support initiatives have sufficient skills and competence to support high-growth firms;
- The illegal sales of 'pirated' software, videos, CDs, and other copyrighted or trademarked products is not extensive;
- Youth have easy access to primary and secondary education; and
- The national culture emphasizes the responsibility that the individual (rather than the collective) has in managing his or her own life.

Therefore, one may say that governments investing in providing a strong institutional and legal framework, investing on education and on the development of a coherent national culture, providing good conditions of life, and investing on technology and policy seem to see their reputation increased.

6. Conclusions

Entrepreneurship and the competitiveness of economies seem to be a priority of most government, as they are drivers to economic growth. However, despite the importance of the economic conditions, the political side of governments also favours the effectiveness of policies. For such reasons, governments are led to invest in a reputation, which may ease the implementation of policies and their impact on the economy.

This paper has explored the extent to which certain countries evaluate their policies in a more homogeneous way, while others display important divergences, when experts assess their government's efficiency on implementing policies. In order to explore such issue, a coherence index was constructed based on the differences between the replies of the different experts. This has shown that it is possible to divide countries into three groups and that such clustering of countries also displays certain conditions.

The cluster analysis has allowed grouping countries, regarding their coherence indexes, but it also allowed dividing them according to their vocational, professional and continuing education system; the firms' resources to buy the latest technology and to afford the cost of entering the market without facing the risk of being blocked by established firms; and the existence of opportunities to create new firms (including high-growth ones).

This paper has also shown that investing in a reputation may be a result of the conditions governments creates in their societies and economies, namely in what concerns a strong institutional and legal framework, the education system and the development of a coherent national culture, the individuals' conditions of life, and investment levels on technology and policy.

This paper contributes with insights for government to develop on such reputation, as a way to brand themselves. It is also important for the effectiveness of policies, based on the assumption that policies will more efficient and easily implemented by governments with higher levels of reputation.

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Part III

CHAPTER 3

Conclusions

We assume that entrepreneurship is an important factor in economic development and growth for business. In this sense, policy makers, professionals and academics must take initiatives in order to identify, develop or motivate potential entrepreneurs that can generate attitudes of all society to support these individuals.

Government programs to support entrepreneurship must focus on the specific needs of individuals who are at the early stages of their business as opposed to those who already have their businesses started or established; such programs may allow them to use their experience and resources to venturing again or helping other entrepreneurs.

There are a number of factors associated with the effectiveness of public policies in support of entrepreneurship and their internationalization processes, information and infrastructures available; the appropriateness of the programs; the recognition of the importance of public bodies for entrepreneurship policies; the competence and effectiveness of policy-related institutions; the priority of such policies in the context of national policies; the existence of support for young entrepreneurs; the bureaucratic system and the regulatory framework; and the concentration of policies in a single institution. These show, then, that in relation to expert perceptions, the effectiveness of public policies is related to a number of other political aspects mentioned above.

According to the literature, entrepreneurship and the competitiveness of economies seem to be a priority of most governments, since they are drivers of economic growth. However, despite the importance of economic conditions, the political side of governments also favours policy effectiveness. For these reasons, governments are driven to invest in a reputation, which can facilitate the implementation of policies and their impact on the economy.

It has also been shown that investing in a reputation can be the result of the conditions that governments create in their societies and economies, particularly as regards a strong institutional and legal framework, the educational system and the development of a coherent national culture, individuals "living conditions and levels of investment in technology and politics".

Limitations and future research

We investigate to what extent the respondents (experts) respond in a similar way to the different issues related to these policies. Although this has not been fully investigated, this research strategy raises opportunities for further investigation.

This approach allowed the construction of an index that evaluates how respondents associate responses to a variable with other questions. If one confirms this situation, one can refer to the existence of a reputation created by the government and that the respondents are influenced by such reputation and this affects their responses, that is, the answer to different questions tends to converge.

However, we acknowledge that other factors may be associated to a general predisposition of experts to respond in a certain manner, our database did not allow us to confirm other possibilities. In addition, the database also did not allow to confirm that the coherence of the responses is not a, exact determinant of the government reputation. In order to verify this, additional data is necessary and, thus, this remains as an opportunity for further research.

The cluster analysis performed in the study also groups' countries according to the coherence of the responses. One may argue that the national culture or the development stage of the country may also contribute to explain the clusters.

Therefore, in line with the previous arguments further research could investigate other factors that may help explaining the distribution of countries across clusters. With this regard, the type of government and the development stage of the country are suggested as factors that are important determinants on the perception of the governmental effectiveness.

Subsequent to this research one could also point out that comparing the perception of experts to an actual measure of governmental policies could provide interesting insights to the extent that it allows investigating if in some countries the perceptions of experts is very near the reality and in others their perception is more distant from the reality.

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