

An investigation of determinants global entrepreneurship

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Abstrak

This study examines the validity of governmental supports and policies; and financing for entrepreneurs in the context of global entrepreneurial activities. Our studies are based on the rich datasets of the Global Entrepreneurship Monitor (GEM) database covering 108 countries from 2001 to 2014. In this study, we examine whether countries with more favorable policies and supports towards entrepreneurship and availability of financing for entrepreneurs would result in the higher country's entrepreneurial activities. We use total early-stage entrepreneurial activity (TEA), a percentage of 18 - 64 year old population who are either a nascent entrepreneur or an owner manager of a new business, as our dependent variable to represent country's entrepreneurial activities. There are two main explanatory variables used in the study: governmental supports and financing for entrepreneurs. The governmental supports represents the extent to which public policies support entrepreneurship as a relevant economic issue, while financing for entrepreneurs indicates the availability of financial resources for small and medium enterprises (SMEs) including grants and subsidies. We also include three control variables of basic school entrepreneurial education and training; physical and services infrastructure; and cultural and social norms to test the significance of these factors to the country's entrepreneurial activities. This study adopts panel regression model augmented with control variables. Our results suggest that there is no evident that government supports and financing for entrepreneurs have significant contribution for country's entrepreneurial activities. It could be explained that entrepreneurial activities are more flourished in a country that has not set entrepreneurship as relevant economic issues as it might be the case for many emerging countries. The availability of formal financial resources also has a negative contribution to country's entrepreneurial activities. It could be interpreted that in some countries many new start-ups and entrepreneurs seem to have a greater reliance to informal financing of 4Fs (Founders, Family, Friends and Foolhardy investors) instead of formal channels such as government grant and subsidies, venture capital or strategic partners. We also found that only social and cultural norm values which encourage actions leading to new business and entrepreneurship have a significant contribution in stimulating country's entrepreneurship activities. However, there is no evident that psychical and services infrastructure; and entrepreneurial education and training at basic school is significantly affecting entrepreneurship in a country.