1. Introduction

Recent studies have documented the contribution of entrepreneurial activity to economic growth (Audretsch and Keilbach 2004, Baumol 1990). Within this context, some scholars have suggested that entrepreneurial activity has a positive effect on economic growth only in high-income countries (van Stel, Carree and Thurik 2005; Wennekers et al. 2005). Others have remarked that the relationship between entrepreneurship rates and economic growth changes over time and depends on the level of economic development (Carree et al. 2007, Hessels, van Gelderen and Thurik 2008). If entrepreneurship does vary significantly with economic development, its aggregate level may be subject to a cyclical behaviour, and its volatility may have an important effect on the economic activity of a country.

Kirzner (1973, 1997) defines entrepreneurship as the alertness to new opportunities. Entrepreneurs are alert; this is their characteristic feature. In addition, Kirzner posits, entrepreneurship is seizing an opportunity by taking innovative ac-

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1 We thank GEM Consortium and the GEM Project Coordination Team for allowing use of the data. All errors are ours.
Entrepreneurs innovate; this is what they do. If the opportunity discovered is a real one, the entrepreneur will act on it. Thus, the alertness and exploitation of opportunities constitute entrepreneurship, whatever the underlying motivations may be (Koppl and Minniti 2009). Much empirical literature on entrepreneurship, however, distinguishes between alternative forms of entrepreneurship based on their underlying motivations. A broad and widely accepted distinction is that between “opportunity” and “necessity” driven entrepreneurship.

Opportunity entrepreneurship describes the actions of individuals who respond to perceived expected profit although they have access to alternative sources of income. Necessity entrepreneurship, on the other hand, describes the actions of individuals who start businesses because they lack alternative source of income generating employment. This accepted distinction is justified by the fact that empirical research needs to operationalize the concept of entrepreneurship and that this is normally done by equating entrepreneurship to self-employment. This is, of course, rather reductive and constraining. Nonetheless, it is practically useful. Furthermore, self-employment in itself is certainly a meritorious expression of entrepreneurship. It is puzzling, however, that most empirical research then focuses exclusively on opportunity entrepreneurship, on the mistaken belief that necessity-driven entrepreneurship is negligibly associated with growth. In fact, many studies acknowledge that entrepreneurial activity results from opportunities (Bosma et al. 2008; Feldman and Bolino 2000; Hessels, Van Gelderen and Thurik 2008), but downplay the fact that necessity-driven entrepreneurship is quite significant, especially in low and middle-income countries (Acs and Amorós 2008; Minniti and Levesque 2010). Importantly, in some of these countries, necessity-motivated entrepreneurship results from an institutional context that causes lower productivity and investment, and higher unemployment rates (Caballero 2006).

Following a small but growing stream of recent literature, we embrace Kirzner’s broad view of entrepreneurship and argue that necessity-driven entrepreneurship is at least as important as opportunity driven entrepreneurship and that, as a result, should be taken seriously into account in studies aimed at understanding the linkages between entrepreneurial activity and economic growth. Furthermore, we argue that necessity driven entrepreneurship, because of its nature, is more vulnerable to changes in government behavior and therefore more subject to exogenous fluctuations. That is, we suggest that the study of necessity-driven entrepreneurship may be particularly useful in understanding the opportunity costs of exogenous shocks to the economic system caused by changes in govern-
ment behavior. Specifically, we show that ad hoc changes in government behavior are associated with significant volatility in necessity entrepreneurship and, as a result, that necessity-driven entrepreneurship does matter for aggregate economic activity.²

We complement and expand existing literature by showing that, in addition to innovation and churning at the firm level, entrepreneurial volatility can be caused by the behavior of governments and that this may be particularly important for necessity-driven entrepreneurs. Our argument is an extension of Baumol’s (1990) argument that the allocation of entrepreneurship in the economy is influenced by the structure of rewards in a country. Baumol (1990, 899) states: “entrepreneurial behavior changes direction from one economy to another in a manner that corresponds to the variations in the rules of the game.” Clearly, government behavior alters the set of incentives individuals face when making decisions. Entrepreneurial volatility is also likely to be associated particularly to necessity-driven entrepreneurship since this is the type of entrepreneurial activity more influenced by the business cycle.

To develop our argument we test for the existence of heterogeneity on the volatility of aggregate necessity-driven entrepreneurship across countries and whether government efficiency, regulation quality, and government size affect that volatility. We hypothesize that higher government efficiency, as well as higher predictability and consistency of government regulation and smaller size of government are associated with lower volatility of necessity-based entrepreneurial activity. Entrepreneurial activity is proxied by data on new business creation due to necessity collected by the Global Entrepreneurship Monitor (GEM) project for 49 countries during the period 2001-2008. In other words, using a large sample we investigate whether the percentage of people who start businesses when they have no other employment options differs across countries, and whether unexpected changes in such percentages are associated with governments’ size, efficiency, and consistency.

² We acknowledge and agree that the distinction between opportunity and necessity entrepreneurship is rather unclear and arbitrary. Nonetheless, following existing literature, we adopt it and use it in this paper because it allows us to show that entrepreneurial volatility is associated to government behavior even, and perhaps more so, for those people who have no employment alternative.
2. Literature Review

The relationship between entrepreneurship and economic activity is complex, and modeling it is not easy because of the many factors affecting simultaneously both entrepreneurial activity and economic growth (Wennekers and Thurik, 1999). Some scholars, like Carree et al., (2007) and Hessels et al. (2008), have argued that the relationship between business ownership rates and economic growth changes over time and may depend on the level of economic development. Others, instead, have argued that the competitive impact, and consequently the contribution of the entrepreneurial efforts to economic growth, differ not only among countries (Carree et al., 2007), but also among regions within countries (Audretsch and Keilbach, 2004; Belso-Martínez, 2005).

Clearly, to determine the direction of causality between entrepreneurial activities and economic growth at the country level is particularly difficult. While some studies emphasize the effect of entrepreneurial activity on national economic growth, others focus on the effect of economic growth on entrepreneurship rates.3 When causality is reversed and the effect of economic development on entrepreneurial activity is considered, Carree et al. (2002) have found that the relationship between the level of per capita income and the rate of self-employment (or business ownership) in 23 OECD countries may be approximated by a U-shaped curve, meaning that the relative number of new businesses created in a country decreases as higher per capita incomes are considered up to a point beyond which further increases in per capita income are associate with increasing startup rates. The intuition behind these findings is that in relatively poor countries starting a business provides a way to earn a living. Thus, a large number of people are involved in startups. As countries get richer, however, more people find work in manufacturing and services and tend to choose those jobs over starting their own businesses, as the former are perceived as being a more stable source of income. This trend is reversed in richer countries where people prefer again to start their own businesses rather than work for others in the hope of higher earnings or to enjoy more autonomy and decision making power over their labor. Wennekers et al. (2005) confirmed Carree’s original findings of a U-shaped relationship

3 Carree et al., (2002, 2007) are among the few works to have developed a simultaneous equations model for economic growth and entrepreneurship rate able to account for the existence of lags and two-way causality. In other words, they are the only ones to have studied how economic growth and entrepreneurship influence each other and how long it takes for a change in one to translate into a change in the other.
Entrepreneurial Volatility: A Cross Country Study


Overall, general agreement now exists that the percentage of population involved in entrepreneurial activities is higher in developing regions or countries (Acs and Amorós, 2008), and that the characteristics of entrepreneurship vary depending on per capita GDP and level of development (Minniti and Levesque 2010).

Although many studies have shown that most entrepreneurial activity results from opportunities (Feldman and Bolino 2000; Carter et al., 2003; Bosma et al., 2008), necessity-driven entrepreneurship is nonetheless significant, especially in many developing countries.4 Many of these entrepreneurs operate in the informal sector and are survival entrepreneurs (Naudé, 2007). They are usually self-employed or, in some cases, have a very small number of employees (Banerjee and Duflo, 2007). The intuition is that entrepreneurs with low levels of education, resources, and social capital, generally are involved in low productivity activities. Consequently, their impact on economic growth is expected to be low.

Overall, much of the existing literature suggests that higher rates of opportunity-driven entrepreneurship lead to higher rates of growth than necessity-driven entrepreneurship (Acs et al., 2005; Acs and Varga, 2005). Even if that is true, we argue that necessity entrepreneurs are not necessarily less successful or less important. These entrepreneurs do mobilize resources and contribute to economic activity even though they may not have a substantial impact on per capita GDP. In some cases, they may prevent poverty from getting increasingly worse and, under certain circumstances, provide a base for future social mobility (Grosh and Somolekae, 1996; Sandy 2004). Especially, in developing countries, necessity-driven entrepreneurs may play the role of building blocks for more productive activities in the future as their businesses provide sufficient resources to improve the human capital of future generations.

Necessity-driven entrepreneurship is also important, we posit, because of its vulnerability to the behavior of governments. Until now, research on entrepre-

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4 We note that necessity and opportunity motives, as well as innovations, exist only within a specific context (Minniti et al. 2006). On this point, see also footnote 2.
neurial volatility has been limited to firm or industry performance. Comin and Philippon (2005), for example, have studied firm-level volatility and its relationship to external and internal business factors, whereas Imbs and Wacziarg (2004) and Koren and Tenreyro (2004) have studied the linkage between volatility and industrial diversification. At the aggregate level, instead, research has focused exclusively on the average level of entrepreneurial activity and neglected the empirical analyses of its volatility and how the latter differs among countries.

The lack of research on countries’ entrepreneurial volatility contrasts with the wealth of literature existing on the volatility of economic growth (Acemoglu et al. 2003; Aghion and Banerjee 2005; Easterly, Islam and Stiglitz, J. 2001), and on the variability of business entry and exit rates within countries (Davis et al. 2006; Reynolds 1999). With this paper we contribute to existing literature by analyzing the cross-country differences in the volatility of aggregate early-stage entrepreneurial activity driven by necessity and the relationship between that volatility and county specific variables. Using a sample of 49 countries participating in the Global Entrepreneurship Monitor (GEM) Project, our results suggest that countries with more predictable and consistent tax policies and government regulation, exhibit lower volatility and that this has implications for the long run growth of the economy.

3. Data and Variables

Data used in this paper come from four different sources. Measures of necessity-driven entrepreneurial activity (NEC) at the country level come from representative population surveys conducted annually by the Global Entrepreneurship Monitor (GEM) project. GEM NEC data are for 49 countries over the period 2001-2008. GEM data allow us to estimate the rate of necessity-driven early-stage entrepreneurial activity in each country. That is, the percentage of adult population (people between 18–64 years old) actively involved in starting a new business because of the lack of alternative employment opportunities. GEM data are exceptionally well suited for our purpose. By looking at cross-country differences in the early-stage entrepreneurship rather than at differences in established ownership rates, we avoid confounding entry and survival effects. Also, when field data were available, previous studies had to rely on noticeably smaller samples.

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5 Reynolds et al. (2005) and Minniti et al. (2006, introduction and appendix) provide details on GEM data and methodology.
GEM data, on the other hand, allow us to compare entrepreneurial propensity and government characteristics across a large number of heterogeneous countries.

The multifaceted nature and complexity of governmental policy and programs across countries makes it difficult to measure how government influences entrepreneurial activity (Valliere 2010). We use World Bank’s governance indicators and the Heritage Foundation’s Index of Economic Freedom since they provide consistent and comprehensive measures for our period of interest.6

Since 1999, the World Bank’s Project on Governance constructs the **Worldwide Governance Indicators** (WGI) which includes aggregate and individual governance indicators for 212 countries and territories (Kaufmann, Kraay and Mastruzzi 2008). The WGI covers several dimensions of governance. Among them, the two more directly related to entrepreneurial activities are government effectiveness and regulatory quality.

Government effectiveness (GovEff) measures the perceptions of the quality of public services, the quality of civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government’s commitment to such policies. Regulatory quality (RegQua) measures the perceptions of the ability of the government to formulate and implement sound policies and regulations that allow and promote private sector development. Both variables have a theoretical range from -2.5 to 2.5.

Government Size (GovSiz) is taken from The Index of Economic Freedom, an annual report produced by The Wall Street Journal and The Heritage Foundation that tracks economic freedom around the world. The Index covers 10 freedoms—from property rights to entrepreneurship—in 183 countries. Government size is measured as a function of the percentage of GDP used for government expenditure with large governments receiving low scores. The Index methodology uses a scale from 0 to 100, where 100 indicates the highest degrees of freedom. Government size is relevant to new business creation because, as the Index of Economic Freedom document states (Miller and Holmes 2009, p. 13) “a government’s insulation from market discipline leads to inefficiency, bureaucracy, and lowered productivity. Government expenditures necessarily compete with private

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6 For complete information about the Index and the methodology used in its construction see: http://www.heritage.org/Index/Default.aspx
agents and interfere in market prices by over stimulating demand and potentially diverting resources through a crowding-out effect.”

The list of the 49 countries in our sample and a description of the variables with descriptive statistics are presented in the Appendix.

4. Estimation Approach

We model necessity-driven entrepreneurship (NEC) as:

\[
NEC_{it} = f\left( X_{it}, \alpha \right) + h\left( Z_{it}, \beta \right) \mu_{it}
\]  

where \(NEC_{it}\) is necessity-driven entrepreneurship in country \(i\) at time \(t\), \(f\) and \(h\) denote general functions, \(X_{it}\) is a vector of non-stochastic variables representing GDP per capita, \(Z_{it}\) is a vector of non-stochastic variables representing a set of country specific variables summarizing government behavior, \(\alpha\) and \(\beta\) are unknown vectors of parameters governing the relationship between \(NEC\) and \(X\) and \(Z\), and \(\mu_{it}\) is a random disturbance independently and identically distributed with 0 mean and a constant variance \(\sigma^2\).

Our empirical approach to estimating the unknown vector of parameters \(\alpha\) and \(\beta\) consists in replacing \(X_{it}\) with GDP per capita so that equation (1) can be rewritten as:

\[
NEC_{it} = f\left( GDP_{it}, \alpha \right) + \varepsilon_{it}
\]  

where \(\varepsilon_{it}\) is a random disturbance independently distributed with 0 mean \((E[\varepsilon_{it}] = 0)\) and of the form:

\[
\varepsilon_{it} = h\left( Z_{it}, \beta \right) \mu_{it}
\]  

Moreover, we assume that the function \(f(GDP_{it}, \alpha)\) takes a non linear form such that equation (2) becomes:

\[
NEC_{it} = \alpha_0 GDP^{\alpha_1} + \varepsilon_{it}
\]  

The advantage of this specification is that it allows for both an increasing or decreasing relationship between NEC and GDP depending on the sign of \(\alpha_1\). If \(\alpha_1 < 0\) we have a decreasing relationship between those variables, whereas, if \(\alpha_1 > 0\) NEC increases with GDP, and at an increasing rate if \(\alpha_1 > 1\), and at a decreasing rate if \(0 < \alpha_1 < 1\).
We also assume a non-linear form for the function $h$ although, in this case, we use logarithms to transform that function into one that is linear in its parameters. Given this transformation and replacing $Z_n$ with the variables under study we obtain:

$$
\ln \epsilon_n = \beta_0 + \beta_1 \ln (\text{GovEff}) + \beta_2 \ln (\text{RegQua}) + \beta_3 \ln (\text{GovSiz}) + \tilde{\mu}_n \quad (5)
$$

In equation (5), the additions of the constant $\beta_0$, where $\beta_0 = E[\ln \mu_n]$, and of the error term $\tilde{\mu}$, where $\tilde{\mu} = \ln \mu_n - E[\ln \mu_n]$, ensure that the error term $\tilde{\mu}$ has 0 mean.

Equation (4) provides an estimator for $\alpha$ and for the error terms $\epsilon_n$. The estimator for $\epsilon_n$, $\hat{\epsilon}_n$, is then used to estimate the vector parameter $\beta$ in equation (5). When doing this we use the log of the absolute value of $\hat{\epsilon}_n$ as the dependent variable in order to ensure the estimated variance of $NEC_n$ has a positive value.

Equation (4) is then estimated using pooled Nonlinear Least Squares (NLS).\footnote{All estimations on this paper are performed by pooling all observations, which implies assuming that the vectors $\alpha$ and $\beta$ are the same for each observation. We follow that approach because the length of the time series of some of the countries in the sample is too short to allow the use of a panel data estimation with, for example, fixed or random effect. Nonetheless, our estimation strategy allows for differences on the variances of each error term.} This provides a consistent estimator of $\alpha$, $\hat{\alpha}$, and of the error term $\epsilon_n$, $\hat{\epsilon}_n$, under a broad range of conditions. However, since $\epsilon_n$ is a function of country specific variables, this estimation can be considered a heteroskedastic regression, i.e. countries present differences on their volatilities. To investigate the latter, we plot $\hat{\epsilon}_n$ against GDP in Figure 1. The Figure shows that the lower a country’s GDP is, the greater the dispersion of $\hat{\epsilon}_n$.}
This result provides some support for our hypothesis that equation (4) can be considered a heteroskedastic regression and suggests that, indeed, the variance of \( \varepsilon_{it} \) depends on the country’s institutional variables. A more rigorous test for this hypothesis is provided by the direct estimation of equation (5) and the analysis of the statistical significance of the vector of parameters \( \beta \). If we reject the joint null hypothesis of a value equal to 0 for those parameters, we have evidence of heterogeneous entrepreneurial volatility among countries and of the effect of proposed institutional variables upon that volatility.

Estimation of equation (5), using the estimator of \( \varepsilon_{it} \), \( \hat{\varepsilon}_{it} \), and pooled OLS, provides consistent estimates of \( \beta \), say \( \hat{\beta} \), under the same conditions for the consistent estimator of \( \alpha \) in equation (4). With the estimates of \( \beta \) we can compute the variance of entrepreneurial activity across countries and across time. In doing this we assume without loss of generality that \( \sigma^2 \) is equal to 1.
5. Results

Parameter estimates for the conditional expected value and the variance of necessity-based entrepreneurship are shown in Table 1.

Table 1—Estimates of the parameters of the equations for the conditional expectation of NEC and its variance [Equations (6) and (7) respectively]

<table>
<thead>
<tr>
<th>Model</th>
<th>Constant</th>
<th>GDP</th>
<th>LnGovq</th>
<th>R²</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimates of the expected value of NEC using NLS</td>
<td>815*</td>
<td>-.604*</td>
<td></td>
<td>0.71</td>
<td>274</td>
</tr>
<tr>
<td></td>
<td>(222)</td>
<td>(.031)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimates of the equation for the ln</td>
<td>ε</td>
<td>using OLS</td>
<td>10.15*</td>
<td></td>
<td>-4.44*</td>
</tr>
<tr>
<td></td>
<td>(1.60)</td>
<td>(.687)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Estimates of the expected value of NEC using weighted NLS regression</td>
<td>2210*</td>
<td>-735*</td>
<td></td>
<td>0.69</td>
<td>209</td>
</tr>
<tr>
<td></td>
<td>(678)</td>
<td>(.034)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Numbers in parentheses are standard errors. *p ≤ 0.01 significance level.

Estimates of equation (4), using OLS or NLS weighted regression that takes into account the heteroskedastic nature of the model and the effect of Zit upon countries’ entrepreneurial volatility, show that GDP has a negative effect on the conditional expected value of NEC following an L-shaped relationship. This result is consistent with Wennekers et al. (2005), Carree et al. (2007), Hesseles, van Gelderen and Thurik (2008) and Acs and Amorós (2008).

Results for the variance of NEC, equation (5), indicate that there is a serious problem of multicollinearity because GovEff, RegQua, and GovSiz are highly correlated. As a solution to this problem we use a principal component analysis (Hair et al. 1995) able to capture most of the variance of government variables and calculate a new variable describing overall Government Quality (Govq). Equation (5) is then estimated using Govq as control. Results from that estimation indicate that the parameter for Govq is negative and significant at the 1% level. The negative sign of this parameter indicates that Govq is a volatility-reducing factor. This
suggests that countries with higher government efficiency, better regulation quality and smaller government size should exhibit lower NEC volatility.

**Figure 2**—Entrepreneurial volatility 2001-2008 (all variance numbers are multiplied by $10^9$)

In Fig.2 the variance was computed using $h^2(Z_{it}, \hat{\beta}) = [(Govq)_{it}]^2$ and the estimates reported in Table 1.

Results also indicate that differences in volatility across country exist in our 49-country sample. This is illustrated in Figure 2 which depicts the countries’ average levels of NEC and their estimated variance. Venezuela, Serbia, Argentina and Russia are the countries with higher levels of volatility, while Sweden, Denmark, Finland, Singapore, and Netherlands are the ones with the lowest volatility country. Table 2 shows summary results of the variances across countries.

**Table 2.** Summary of variance estimates (all variance numbers are multiplied by $10^9$)

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean variance</td>
<td>1.86</td>
</tr>
<tr>
<td>Median variance</td>
<td>1.14</td>
</tr>
<tr>
<td>Range</td>
<td>9.34</td>
</tr>
<tr>
<td>Lowest variance country</td>
<td>0.27 (Sweden)</td>
</tr>
<tr>
<td>Highest variance country</td>
<td>9.6 (Venezuela)</td>
</tr>
</tbody>
</table>
Our results are consistent with Amorós, Cristi and Autio (2008) who suggest that the effect of government on entrepreneurial volatility is quite robust.

6. Conclusion

Using GEM data combined with several indicators of government behaviour, we have shown that the volatility of necessity-driven entrepreneurial activity differs among countries and that such volatility relates to government quality. We also find that volatility is higher in middle-and-low income countries as in the case of Venezuela, Serbia and Argentina.

Necessity-driven entrepreneurship is often the result of a situation in which a country’s environment is not conducive to productive entrepreneurial opportunities. Moreover, necessity-driven entrepreneurs are penalized by regulatory constraints and, therefore are often forced to operate outside formal markets (Yamada 1996). This, contrary to what would be expected, makes them more vulnerable to arbitrary changes in government behaviour. Better institutions, such as private property rights and stable taxation policies, not only help improve the general business environment but also reduce the volatility of necessity-driven entrepreneurial activity which, in turn, contributes to the transition of countries to higher per capita income levels. In other words, even when people have no employment alternatives, the behaviour of government may influence them and prevent them from starting much needed businesses. In particular, when governments create environments that are unpredictable and unclear, risk and uncertainty increase and, as a result, people tend to be more cautious and take a “waiting” posture rather than a proactive one.

Only recently academics have begun appreciating the role that government behavior, and the institutions it creates, play in facilitating or constraining entrepreneurial efforts. In this paper we contribute to this discussion by exploring how government institutions influence entrepreneurial behavior and by discussing the potential linkage between the latter and economic growth. The intuition behind this connection is the realization that good institutions, such as private property rights, provide a framework that, by aligning incentives, influences the type and quantity of activity, removes uncertainty and makes the actions of others predictable (Boettke and Coyne 2007). In short, robust institutions serve to reduce the costs of action and facilitate the coordination of knowledge dispersed throughout society. Entrepreneurs, as all economic agents, do not act in a vacuum. Only by
understanding the role of institutions will scholars be able to understand various types of entrepreneurial behavior.

Because of the lack of understanding about entrepreneurial volatility, policymakers have focused on how to move from necessity-driven entrepreneurial activity towards opportunity-driven entrepreneurial activity but have made hardly any effort to produce conditions that stabilize the former and allow for the transition, if and when such a transition is desirable. Our results suggest that more attention needs to be paid to entrepreneurial volatility and its causes. Policies ensuring institutional transparency, predictable taxation, and secure property rights are more likely to channel people’s entrepreneurial efforts toward productive entrepreneurship, whatever their motivations. As Koppl (2008) argues, only these policies do not require policymakers to compute specific outcomes in order to achieve their intended goal of promoting entrepreneurial ventures. Such policies create a reliable set of rules by which entrepreneurs can play. Aside from those, any additional type of policy introduces uncertainty and, as a result, increases volatility. Policymakers cannot predict outcomes or which entrepreneurs will be winners and which losers. Thus, policies that, for example, aim at supporting start-ups directly or some specific region or entrepreneurial group are very unlikely to succeed unless policymakers perform the mathematically impossible feat of predicting the future (Koppl and Minniti 2011).

Our study is admittedly exploratory and more work is needed in this area. Our cross country results show differences in entrepreneurial volatility across countries and relate them generically to differences in government behavior. However, our data do not have the depth necessary to explain what causes such differences and each country’s specific outcome. A follow up analysis, for example, would call for detailed ethnographic studies is several of the countries in our sample. In spite of its limitations, we believe our paper provides important insight on an underappreciated phenomenon and suggests that studying the volatility of entrepreneurial activity may be important to better understand the delicate link between entrepreneurs, government behaviour and economic growth. We hope others will follow.
References


