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Entrepreneurial politicians

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Abstract This paper explores the entrepreneurial experience (and spirit) of politicians. To what extent have they been involved in entrepreneurial activities? Are politicians more or less entrepreneurial than their voters? Are entrepreneurship policies more or less important to politicians compared to the voters they represent? The Members of the Swedish Parliament were asked the same questions regarding their entrepreneurial activities as found in the Global Entrepreneurship Monitor (GEM). The empirical results indicate that when we analyse the statistical significance of the differences and control for individual characteristics, politicians have similar experiences and ambitions to the rest of the population when it comes to entrepreneurial activities. Politicians have a high potential for becoming entrepreneurs in the future, but seem to be less optimistic about how entrepreneurs are perceived in the cultural context. In addition, there is a substantial discrepancy between how politicians and voters perceive the ease of starting and running a business. Unlike politicians, voters do

not agree that it is easy to start and run a business in Sweden.

Keywords Entrepreneurship policy · Politicians · Attitudes · Experience · Culture

JEL Classifications L26 · L53

1 Introduction

Stimulating entrepreneurship has become an increasingly important policy measure in recent decades, the underlying belief being that entrepreneurship is vital for economic growth. Most empirical studies can establish a positive relationship, at least in the long run, between entrepreneurship and productivity and growth, but the effects in terms of job creation can be questioned (see, e.g., van Praag and Versloot 2007 and Nyström 2008 for literature reviews).

Based on the assumption that the quantity of entrepreneurship matters for economic growth, various policies have been aimed at stimulating individuals to take the very risky decision to become an entrepreneur (see, e.g., Lundström and Stevenson 2005). In many cases, though, these policy initiatives have been undertaken without thorough analysis of what the societal value of these new firms really is (see, e.g., the criticism of these policies by Shane 2009 and Lerner 2009).

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To what extent are those who ultimately formulate entrepreneurship policies ready to give up their careers to become entrepreneurs? What do we know about entrepreneurial experiences of our politicians? What can be expected in terms of entrepreneurial experience and ambition from politicians? Are politicians as equally entrepreneurial as the rest of the population?

Since we know very little about the entrepreneurial experience (and spirit) among politicians, I aim to explore these aspects in this paper. In order to measure the entrepreneurial experience and attitudes of the 349 Swedish Members of Parliament (MPs), the questions asked by the Global Entrepreneurship Monitor (GEM) are used. The advantage of this research approach is that it facilitates comparison with the population (voters). The empirical findings show that despite a high potential for entrepreneurship, politicians have similar entrepreneurial experiences and ambitions to voters. Furthermore, politicians have a less optimistic opinion of how entrepreneurs are perceived in the Swedish cultural context. Still, there is a substantial discrepancy between how politicians and voters perceive the ease of starting and running a business. Politicians perceive that it is easier than for voters to start and run a business. Nevertheless, according to politicians, improving the conditions for starting and running a business is an important issue on their agenda.

The paper is organized as follows. Section 2 contains the theoretical framework of the paper and the research questions. Section 3 describes the methodology and empirical research set-up for this project. Section 4 presents and discusses the empirical findings, and Sect. 5 concludes the paper and provides some suggestions for future research.

2 Theoretical framework and research questions

2.1 Politicians' representative capacity with regard to entrepreneurial activities

Why are the entrepreneurial experience, ambition and attitudes among politicians of special interest? Can or should we expect politicians to have representative capacity for their voters with respect to entrepreneurial activities? To discuss this question, political-science theories which discuss models of party organization and democracy need to be consulted. In this research

field the prevailing tradition has been to consider political parties as agents of society. As such they formulate, aggregate and represent voter's interests. However, during the last decade this view has started to be questioned. Along with the emergence of the prevalent "cartel party" model, political parties are seen as having developed into professional organizations where the goal is to maintain their position in the political system rather than retain ideological beliefs (see, e.g., Bolleyer 2008; Katz and Mair 1995).¹

The emergence of a cartel party model has important implications for such things as how political parties are organized, how parliamentary candidates are selected, and what previous experience and skill they have. The evolution of the cartel party model is characterized by a professionalization of party politics, an indication of which, according to Katz and Mair (1995), is that a full-time career as a politician is not only accepted but even encouraged. Party leadership in a professionalized cartel party requires a variety of specialized skills. Some of these skills are normally associated with other professions; examples of such skills are jobs in the "chattering classes" or brokerage occupations (Norris and Lovenduski 1995). However, the profession of politicians also requires skills which can be achieved only through experience in politics. Katz (2001) suggests that these skills include, for example, personal relationships and knowledge of both politics and government. On the one hand, some of the above-mentioned skills can be argued to be valuable in a career as a future entrepreneur. On the other hand, with the above-mentioned professionalization of politicians, we can expect their representative capacity in relation to voters to decrease in some respects, such as their previous work and ambitions for the future outside the political sphere.

Nevertheless, one of the most important functions in a democracy is the selection of candidates for parliament, which signals, for example, the demographic, geographic and ideological dimensions of the party and affects those people candidates believe they represent, e.g. their psychological constituency (Katz 2001). The candidates provide an important link between the professional leadership at the centre of the party and the lower levels of the party

¹ For a thorough description of the emergence and characteristics of the cartel party model, see Katz and Mair (1995).

organization, but still maintain accountability to their voters (Carty 2004). Finally, the nomination of candidates with different individual characteristics provides an important signal about which issues the party thinks are important now and in the future (Katz 2001). Hence, the question of nomination of, for instance, more women, and individuals representing minority groups, farmers or entrepreneurs, is not trivial.

In political science, the questions of whether politicians are representative of the voters with respect to, for example, gender, age, and educational background, and whether there is issue congruence, i.e. the degree to which voters and members of parliament share the same opinions regarding different issues, have been extensively investigated (see, e.g., Widfeldt 1999; Holmberg 2004). Empirical literature shows that issue congruence is the strongest for politicized issues at the center of the political discussion. Examples include discussions on private or public health care or taxation levels (see, e.g., Holmberg 2004). Congruence is found to decrease for less discussed political issues (Holmberg 2010). Nevertheless, to my knowledge, this literature does not measure opinions related to entrepreneurial activities. For a related issue, Ahlbäck Öberg et al. (2007) find that politicians with prior experience of entrepreneurship show an increased probability of leaving their assignments before the end of the term.

2.2 Public policy focusing on entrepreneurship

During recent decades, developed countries have experienced a shift from a “managed economy” towards an “entrepreneurial economy” (Audretsch and Thurik 2000). A stylized description of the “managed economy” implies that competitive environment is characterized by large-scale production and wage competition. In the managed economy large firms are claimed to create the bulk of new jobs. In contrast, the “entrepreneurial economy” is characterized by knowledge-intensive competition and the bulk of new jobs are created by small and new businesses. More recently, research has emphasized the importance of “high quality” entrepreneurship such as high growth firms (gazelles) as job creators (Henrekson and Johansson 2010). Politicians have consequently been responsive to the changes with respect to which firms that are claimed to create jobs. In the 1970s Birch

(1979) identified small firms as important job creators. This observation came to be the starting point for developing policies aimed at stimulating and improving the conditions for small and medium sized enterprises (SME policy). Later on the role of start-ups was emphasized and accordingly entrepreneurship policies targeted towards both the pre-start, early-start-up and post-start-up phases were developed (see, e.g., Lundström and Stevenson 2007). Entrepreneurship policy put focus on the individual’s motivation, skills and opportunities to become entrepreneurs. One important goal of this policy has been to stimulate more people to become entrepreneurs. One part of this policy is often to identify “target groups”. These target groups could, for example, include individuals with a high potential for becoming entrepreneurs (for example, knowledge intensive workers in high-tech sectors) or individuals who are underrepresented among entrepreneurs (for example, women; see, e.g., Lundström and Stevenson 2005).

After the global financial crisis, the unemployment rate in Sweden was still² 9.5% in June 2010 (Statistics Sweden 2010), and decreased unemployment was identified as one of the most important issues for the election in September 2010. However, it may be argued that political debate tends to focus on implementing policies that aim to stimulate the supply-side of employment by, for example, changes in unemployment benefits and tax deductions for employment. To what extent do voters and politicians emphasize the demand side of employment by, for example, acknowledging the role of small and entrepreneurial firms in job creation? In this light, it is interesting to study how politicians and voters respectively perceive the role of different types of firms (small, large, new, high growth) as job creators. How do they perceive the conditions for starting and running a business?

2.3 Research questions

As previously mentioned, politicians have shown a great interest in trying to stimulate the quantity of entrepreneurship. At this point we know little about the entrepreneurial ambitions, attitudes and potential

² Unemployment rates peaked in June 2009 at 9.8% (Statistics Sweden 2010).

of politicians to become entrepreneurs. In this paper I intend to answer the following research questions:

- Do entrepreneurial experience and ambition differ between politicians and voters?
- Do politicians have higher potential for getting involved in entrepreneurship compared to voters?
- Do entrepreneurial attitudes differ between politicians and voters?
- Are there any differences between politicians and voters with respect to how they perceive the role of entrepreneurship for creating jobs?

3 Data and methodology

3.1 Entrepreneurship in the Swedish context

In terms of entrepreneurial activities, Sweden ranks quite low in international rankings. According to the 2010 Global Entrepreneurship Monitor, Sweden ranks 14 out of the 22 countries defined as innovation-driven economies (Kelly et al. 2011). According to the most recent GEM-study, 4.9% of the Swedish population are either nascent entrepreneurs or owner-managers of a newly started business, together corresponding to the total early stage entrepreneurship activity (Kelly et al. 2011). Several projects in order to stimulate entrepreneurial activities at both national and regional levels have been initiated. The Swedish government has an explicit goal of increasing the number of new and growing firms (Ministry of Enterprise, 2011). In 2009 the government spent about 3 billion Euros, corresponding to 0.89% of GDP, on state aid to Swedish industry (excluding additional measures due to the economic crisis). However, this figure includes tax exemption for environmental purposes (two-thirds), start-up grants of approximately 32 million Euros to the unemployed and approximately 17 million Euros in support to small businesses (Tillväxtanalys 2011). In 2006, 15% of Swedish enterprises claimed that they received government support to start their companies (ITPS 2008).

3.2 Methodology

In this paper I compare the entrepreneurial experience, ambitions and attitudes of Swedish politicians vis-à-vis their voters. The 349 Swedish Members of

Parliament were asked the same questions regarding their entrepreneurial activities as found in the Global Entrepreneurship Monitor (GEM).³ The GEM-survey questions concern the individuals' present state of entrepreneurial activity and the conditions/attitudes towards entrepreneurship policy in different countries.⁴ Hence, the GEM-definition of entrepreneurship is used.⁵ As opposed to alternative measures of entrepreneurship, such as self-employment rates and new firm formation rates, the GEM-measure includes nascent entrepreneurship, i.e. people who are currently setting up a new business, and very young businesses which may not yet be reported in official statistics. Furthermore, the GEM model measures the perceived knowledge and skills for potential entrepreneurial activities. The notion of the importance of social and cultural factors as determinants of entrepreneurship also makes measures of these aspects a decisive and unique aspect for the GEM project. For our purposes the questions in the GEM survey which concern "attitudes" and "activity" were identified as the relevant questions. To be explicit this concerns questions 1a–1n in the GEM questionnaire, except question 1b which is not relevant for politicians since this question concerns whether the individual is about to start a new business on behalf of the employer. These are questions that are asked to the whole population covered by the survey.⁶

In addition to the questions posed in the GEM survey, the politicians were asked the same national-specific questions as contained in the Swedish version of GEM 2010 regarding the role of entrepreneurship policy. This part of the survey included questions about the respondent's views on the importance of entrepreneurship policy and the role of different types of firms in the economy with respect to generating jobs. Finally, questions about how they perceived the conditions for starting and running a business were

³ For more information about the data collection in GEM see www.gemconsortium.org.

⁴ Note that the GEM methodology also includes an assessment of the institutional framework for entrepreneurship by national experts (The National Expert Survey). These experts include a few politicians. However, the scope and content of the expert survey do not enable comparison with voters.

⁵ See, e.g., Glancey and McQuaid (2000) or Wennekers and Thurik (1999) for a summary and discussion on the role and definition of entrepreneurship.

⁶ The questionnaire can be found at: www.gemconsortium.org.

included. These national specific questions were initiated by the Swedish GEM team. Further information about the Swedish GEM study can be found in Braunerhjelm (2011).

The internet-based survey of the Swedish Members of Parliament was carried out from November 2010 to January 2011. Politicians were sent two reminders during this period, after which the response rate was 27%; i.e., 94 Members of Parliament took part in the survey.⁷ The election in September 2010 resulted in a Swedish parliament of representatives from eight parties. The four right wing parties, the conservative party, the liberal party, the centre party and the Christian Democrats, form the current government. Appendix A displays the share of representatives from each party in relation to the distribution of respondents in the survey. It should be noted that members of the right-wing parties had a slightly higher response rate than representatives from the other parties. Parliamentary representatives from the social democrat party had the lowest response rate in relation to their representation in parliament.⁸ Does this skewness in response rate influence the results? As a robustness check I have weighted the results using the actual distribution of parliamentary seats. The weighted averages are shown in Appendix B. For the vast majority of questions the weighting procedure does not change, irrespective of whether there are statistically significant differences between politicians and voters. When differences occur they are discussed in relation to the presentation of the empirical results in Sect. 4. However, the skewness in response rate across parties does not influence the interpretation of the overall conclusions to any significant extent.

In the following empirical section the GEM data regarding the experience and views of entrepreneurship among the Swedish politicians, collected during

June 2010 at the individual level, is used for the comparison with the Swedish population/voters. The number of respondents for the dataset representing the Swedish voters is 2,492. Note that the average figures regarding the Swedish population differ slightly compared to those reported in Kelly et al. (2011), who only include individuals, aged 16–64 in their report, while I use data from the whole survey population.

The empirical analysis is done in two steps. First, we compare responses of politicians and voters to see whether there are any statistically significant differences between these groups. Second, we investigate whether these differences persist if we control for individual characteristics which may influence entrepreneurial activities. The following section provides a discussion on the selection of control variables.

Research on individual characteristics that influence entrepreneurial activities has literally exploded in recent decades. Hence, some stylized facts regarding the individual characteristics of the entrepreneur need to be considered in this part of our analysis. According to Parker (2009), the probability of becoming an entrepreneur increases with age, since the potential entrepreneur, for example, acquires more experience and expands his/her social network. Furthermore, women are less likely than men to become entrepreneurs (see, e.g., Parker 2009). Brush (2006) argues that these differences may have two major explanations. First, social structures influence occupational choices and result in differences between men and women with regard to experiences related to business activities. These differences in experiences will influence the probability of women getting involved in entrepreneurial activities. Second, the socialization of women may imply that they have different goals and perspectives, which influence the type and extent to which they get involved in entrepreneurial activities. It can also be argued that women typically have less access to financing of entrepreneurial activities. Access to self-finance may be limited due to, for example, that women receive lower wages. However, there is, according to Parker (2009), relatively little empirical evidence of discrimination against women in the credit market. Furthermore, individuals with previous experience of self-employment have a higher probability of entering self-employment again (e.g. Evans and Leighton 1989). The individual's current employment status is also likely to influence the

⁷ The response rate was lower than expected. Some Members of Parliament responded that, on principle, they never answered any surveys of this kind. However, according to Sheehan and McMillan (1999), web surveys generally have a lower response rate than mail surveys. A response rate of 20% is normal for a web survey. It should also be noted that elected representatives are often reluctant to participate in surveys (Holmberg 2010).

⁸ It might be the case that the propensity to answer the survey questions is dependent on which policy areas the Members of Parliament are specialized in. We find no apparent selection bias with respect to which committees the Members of Parliament belong to. However, recent Members of Parliament have a higher propensity to answer the survey questions.

Table 1 Definition of variables

Variable	Description	Number of observations
Dependent variables	1 if Yes; 0 if No; Or: Agree = 5, partly agree = 4, neither agree nor disagree = 3, partly disagree = 2, disagree = 1	Voters: 2,492 ^a Politicians: 94 ^a
Gender	1 if male; 0 if female	Voters: 2,492 Politicians: 90
Age	Current age in years	Voters: 2,397 Politicians: 90
Current work	1 if working full time or part time; 0 if retired, disabled, homemaker, student or not working for other reasons	Voters: 2,491 Politicians: 94
Income	1 if the household income belongs to the upper 33rd percentile (i.e. above SEK 500,000) ^b ; 0 otherwise	Voters: 2,109 Politicians: 94
Previous experience	1 if the individual has previous experience of entrepreneurship (if the individual answered yes to the question about selling or shutting down a business (discontinued entrepreneurship); 0 otherwise	Voters: 2,489 Politicians: 93
Politicians	1 if Member of the Swedish Parliament; 0 otherwise	Voters: 2,492 Politicians: 94

^a Note that the number of observations may vary across questions due to some missing observations

^b The current emolument for members of the Swedish parliament is 672,000 SEK per year, which implies that all politicians belong to the upper 33rd percentile.

choice of becoming an entrepreneur. On the one hand, general work experience may encourage entrepreneurship if the entrepreneur starts a business based on specific knowledge and experiences (Parker 2009). On the other hand, leaving a position as employee for an entrepreneurial venture incurs a higher risk and hence requires a higher expected payoff from the entrepreneurial venture. Table 1 provides definitions of the control variables used in the empirical analysis.

For questions with a binary outcome (yes/no) a standard logit-model⁹ is used to estimate, for example, the probability of being involved in entrepreneurial activities. For questions with multiple outcomes the options, for simplicity, are assigned the following continuous values: agree (5), partly agree (4), neither agree nor disagree (3), partly disagree (2), disagree (1). Then OLS is used in the empirical analysis. All estimations are corrected for heteroscedasticity by using robust standard errors.¹⁰

⁹ See, for example, Greene (2003) for details about logit-models.

¹⁰ In the STATA software the Huber–White sandwich estimate of variance is used.

4 Empirical results and discussion

The empirical results are presented in four parts. Differences in entrepreneurial ambition and experience, perception and potential for future entrepreneurship, entrepreneurship attitudes, and the importance of having entrepreneurship on the policy agenda are separately discussed.

4.1 Entrepreneurial activity

Table 2 compares the politicians' and voters' propensities to have entrepreneurial experience and ambition. The first three questions reflect whether the individual is in the start-up phase or currently involved in entrepreneurship or expects to start a business in the future. If we compare average figures reported in Table 2, politicians have a higher propensity to be in the process of starting, owning or planning to start a business. Still, if we compare the two averages, the differences are not statistically different from zero for being in the process of starting a business. Furthermore, politicians have a higher propensity to recently have closed down a business. A reasonable explanation is that their involvement in business activities

Table 2 Differences in entrepreneurial activity

Question/ respondent	Mean	Standard deviation
Business start		
Are you, alone or with others, currently trying to start a new business, including any self-employment or selling any goods or services to others?		
Voters	0.025	0.155
Politicians	0.044	0.206
Business ownership		
Are you, alone or with others, currently the owner of a business you help manage, self-employed or selling any goods or services to others?		
Voters	0.141*	0.348
Politicians	0.207*	0.407
Future business start		
Are you, alone or with others, expecting to start a new business, including any type of self-employment within the next 3 years?		
Voters	0.078**	0.268
Politicians	0.138**	0.346
Business angel		
Have you, in the past 3 years, personally provided funds for a new business started by someone else, excluding any purchases of stocks or mutual funds?		
Voters	0.060	0.239
Politicians	0.076	0.267
Discontinued entrepreneurship		
Have you, in the past 12 months, sold, shut down, discontinued or quit a business you owned and managed, any form of self-employment or selling goods or services to anyone?		
Voters	0.027***	0.162
Politicians	0.097***	0.297

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

might create conflicts of interest. Hence, they decide to end these involvements before they are elected. Note that the Swedish law permits involvement in businesses by members of the Swedish parliament. However, all business ownership activities should be reported to the Chamber Offices of the Swedish Parliament. Politicians do not have a higher propensity to act as business angels. As previously mentioned, Appendix B contains results weighted with respect to the actual number of seats in parliament. If we compare the weighted means with voters, only the statistically significant difference with respect to discontinued entrepreneurship remains.

Table 3 presents the results of the logit-model estimating the probability of being involved in entrepreneurial activity. The variable of main interest is “politician”, which turns out to be statistically insignificant for all aspects of entrepreneurial activity. Hence, we can conclude that if we control for individual characteristics, politicians are no more entrepreneurial than voters are. For the controls, we observe that income and previous involvement in entrepreneurial activity increase the probability of being involved in entrepreneurial activity. Several of the other control variables remain statistically insignificant.

4.2 Potential entrepreneurship

The responses to the questions concerning the potential for entrepreneurship, reported in Table 4, indicate that there are statistically significant differences between voters and politicians, which concerns all measures of the potential for entrepreneurship. Politicians more frequently know other entrepreneurs, perceive that they have sufficient skills to become entrepreneurs and are more positive about the conditions for becoming entrepreneurs in the future. The final question, which was a national specific question in the Swedish GEM survey concerns whether they have thought about starting a business but decided not to do so. Again, it is more common for politicians to have considered starting a business compared to voters. Fear of failure is obviously not something that would prevent politicians from becoming entrepreneurs. The differences in responses remain statistically significant if the weighted averages are compared (see Appendix B). In summary, politicians have a high potential for becoming entrepreneurs in the future.

The results of the estimated logit-model in Table 5 confirm the previous finding that politicians have a high potential to become entrepreneurs. They have a statistically significant higher probability of knowing entrepreneurs, perceiving good business opportunities and believing that they have sufficient entrepreneurial skills. In addition, they have considered becoming entrepreneurs and are not afraid of failure. For the control variables, we observe that income and gender are individual characteristics, which influence the perceived possibilities of becoming an entrepreneur. Men have, to a larger extent than women, considered entrepreneurship and perceive good business opportunities and are not afraid to fail.

Table 3 Estimation results: Entrepreneurial ambition and experience

Variable	Business start	Business own	Future business start	Business angel	Discontinued entrepreneurship
Gender	0.005 (0.006)	0.073*** (0.015)	0.017 (0.011)	0.013 (0.010)	0.019** (0.008)
Age	2.925×10^{-4} (2.833×10^{-4})	0.003*** (0.001)	-0.002^{***} (4.511×10^{-4})	0.0002 (4.368×10^{-4})	-7.650×10^{-6} (2.869×10^{-4})
Current work	-0.002 (0.009)	0.154*** (0.027)	-0.007 (0.016)	0.006 (0.014)	-0.016 (0.009)
Income	0.023* (0.008)	0.050*** (0.015)	0.042*** (0.013)	0.040*** (0.011)	0.009 (0.008)
Previous experience	0.020 (0.013)	0.098*** (0.036)	0.046* (0.025)	0.070*** (0.019)	–
Politicians	0.003 (0.012)	-0.015 (0.032)	0.017 (0.024)	-0.013 (0.023)	0.037 (0.012)
Pseudo R^2	0.041	0.067	0.047	0.033	0.034
<i>N</i>	2203	2189	2119	2185	2192

Marginal effects are reported in the table. Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 4 Differences in potential for entrepreneurship activity

Question/respondent	Yes	No
Know entrepreneur		
Do you know someone personally who started a business in the past 2 years?		
Voters	0.505***	0.500
Politicians	0.864***	0.345
Business opportunities		
In the next 6 months, will there be good opportunities for starting a business in the area where you live?		
Voters	0.628***	0.483
Politicians	0.975***	0.156
Sufficient entrepreneurial skills		
Do you have the knowledge, skill and experience required to start a new business?		
Voters	0.403***	0.491
Politicians	0.797***	0.404
Fear of failure		
Would fear of failure prevent you from starting a business?		
Voters	0.360***	0.480
Politicians	0.152***	0.361
Considered entrepreneurship (extra question)		
Have you, in the past 5 years, considered to start a new business but decided not to do so?		
Voters	0.217***	0.412
Politicians	0.323***	0.469

* $p < 0.10$, ** $p < 0.05$,
*** $p < 0.01$

Table 5 Estimation results: Potential entrepreneurship

Variable	Know entrepreneur	Business opportunity	Sufficient entrepreneurial skills	Fear of failure	Considered entrepreneurship
Gender	0.006*** (0.021)	0.130*** (0.023)	0.168*** (0.019)	−0.056*** (0.021)	0.062*** (0.018)
Age	−0.003*** (0.001)	−1.380 × 10 ^{−5} (0.001)	0.002** (0.001)	−0.002*** (0.001)	−0.004*** (0.001)
Current work	0.020 (0.026)	0.070** (0.027)	0.045* (0.027)	0.017 (0.026)	−0.003 (0.023)
Income	0.013*** (0.022)	0.130*** (0.025)	0.139*** (0.021)	−0.073*** (0.022)	0.035* (0.019)
Previous experience	0.018 (0.066)	0.016 (0.070)	0.373*** (0.075)	−0.108 (0.067)	−0.187*** (0.071)
Politicians	0.336*** (0.077)	0.659*** (0.208)	0.285*** (0.068)	−0.221*** (0.075)	0.074 (0.041)
Pseudo R ²	0.040	0.071	0.077	0.017	0.029
N	2165	1508	2072	2075	2182

Marginal effects are reported in the table. Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

4.3 Entrepreneurial attitudes

Previous empirical literature supports the importance of attitude and social norms and culture for entrepreneurial activities and includes studies by, for example, Beugelsdijk and Noorderhaven (2004) and Gianetti and Simonov (2004), who find that social norms influence entrepreneurship, and Gompers et al. (2005) on the role of social networks in facilitating entrepreneurial activities. See also Hayton et al. 2002 and Licht and Siegel (2006) for surveys of this literature.

Do attitudes towards entrepreneurship differ between politicians and their voters? The responses contained in Table 6 definitely show a discrepancy between the views of the voters and the Members of Parliament. On the one hand, a majority of voters think that most people consider it preferable if everyone has a similar standard of living. On the other hand, voters perceive entrepreneurship as a desirable career choice and that successful entrepreneurs receive a high level of status and respect. Furthermore, a majority report that they frequently see stories about successful entrepreneurs in the media. Politicians apparently have a less optimistic perception of how entrepreneurs

Table 6 Differences in entrepreneurial attitude

Question/respondent	Yes	No
Equal income		
In my country, most people would prefer that everyone had a similar standard of living		
Voters	0.596***	0.491
Politicians	0.481***	0.502
Good career choice		
In my country, most people consider starting a new business a desirable career choice		
Voters	0.553***	0.497
Politicians	0.390***	0.490
Status and respect		
In my country, those successful at starting a new business have a high level of status and respect		
Voters	0.679***	0.467
Politicians	0.438***	0.499
New businesses in media		
In my country, you will often see stories in the public media about successful new businesses		
Voters	0.623***	0.485
Politicians	0.424***	0.497

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Table 7 Estimation results: Entrepreneurial attitudes

Variable	Equal income	Good career choice	Status and respect	New business in media
Gender	−0.047** (0.021)	0.065*** (0.023)	−0.039* (0.021)	−0.015 (0.022)
Age	−0.004*** (0.001)	−0.0009 (0.001)	−0.004*** (0.001)	0.003*** (0.001)
Current work	−0.0018 (0.028)	−0.066** (0.029)	−0.061** (0.028)	−0.027 (0.028)
Income	−0.119*** (0.023)	−0.031 (0.025)	−0.057** (0.022)	−0.022 (0.023)
Previous experience	−0.052 (0.062)	0.025 (0.065)	0.003 (0.058)	−0.037 (0.062)
Politicians	−0.030 (0.059)	−0.127** (0.060)	−0.166*** (0.052)	−0.171*** (0.055)
Pseudo R^2	0.020	0.008	0.020	0.011
N	2087	1873	1963	1996

Marginal effects are reported in the table. Standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$,

*** $p < 0.01$

are seen in the Swedish cultural context. This discrepancy may result in that politicians put too much emphasis on trying to improve attitudes towards entrepreneurship. All differences, except equal income, remain statistically significant when weighting politicians responses with respect to representation in parliament (see a Appendix B).

Again, we check whether the differences between voters and politicians persist if we control for individual characteristics. In Table 7 we observe negative statistically significant differences with respect to entrepreneurship as a good career choice, that entrepreneurs receive status and respect and stories about successful entrepreneurs in the media. Among the control variables it is interesting to note that men to a larger extent than women experience entrepreneurship as a good career choice. A possible explanation to this is of course that a larger proportion of men have experience in entrepreneurship.¹¹

4.4 Entrepreneurship policies

In this section, we first consider what politicians and voters know/think about the role of different types of firms in creating jobs. Next, we look at how individuals perceive the difficulty of starting and running a business.

¹¹ In 2010, 3.5% of Swedish women were involved in total early stage entrepreneurial activities while the corresponding figure for men was 6.2% (Braunerhjelm 2011).

As previously mentioned, the questions explored in this section are the same as the national specific questions in the GEM-survey. In this part of the survey, the respondents are asked whether they agree with, for example, the claim that small and entrepreneurial firms are important as job creators. Respondents have five options (agree, partly agree, neither agree nor disagree, partly disagree, disagree).¹² The results in Table 8 show statistically significant differences¹³ between voters and members of parliament. Politicians largely acknowledge the role of new, small and growing firms as job creators. Voters, on the other hand, rely to a greater extent on large firms as job creators. Finally, the conditions for starting and running a business are important for politicians.

Again, we want to see if the differences between politicians and voters persist if we control for demographic factors. Remember that the options are assigned the following values: agree (5), partly agree (4), neither agree nor disagree (3), partly disagree (2), disagree (1). Table 9 present the results of an OLS estimation controlling for

¹² In order to facilitate the analysis of the results, these options are assigned the following continuous values: agree (5), partly agree (4), neither agree nor disagree (3), partly disagree (2), disagree (1).

¹³ The statistically significant differences persist when we control for skewness in the distribution of response rates (Appendix B).

Table 8 Differences related to entrepreneurship policy

Question/respondent	Mean	Standard deviation
Decreased unemployment is an important issue for me		
Voters	4.500***	0.934
Politicians	4.871***	0.368
New firms are important for creating new jobs in Sweden		
Voters	4.662***	0.670
Politicians	4.849***	0.389
Small firms are important for creating new jobs in Sweden		
Voters	4.603***	0.724
Politicians	4.871***	0.423
Growing firms are important for creating new jobs in Sweden		
Voters	4.686***	0.621
Politicians	4.872***	0.368
Large firms are important for creating new jobs in Sweden		
Voters	4.463***	0.834
Politicians	4.078***	0.796
It is easy to start and run a business in Sweden		
Voters	2.851***	1.293
Politicians	3.466***	1.008
The conditions for starting and running a business are an important issue for me		
Voters	3.241***	1.485
Politicians	4.511***	0.768

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

gender, age, income, current job status and if the person has previous experience with entrepreneurial activities. The results confirm the findings reported in Table 8. Politicians have a statistically significant coefficient for all entrepreneurship policy variables. They, to a larger extent than voters, perceive new, small and growing firms as important for generating jobs. Among the individual characteristics age is positively related to the perception of new, small and growing firms as job generators. Furthermore, age, income and previous experience of entrepreneurship is related to perceiving the conditions for entrepreneurship an important issue.

The question about if voters and politicians perceive it to be easy to start and run a business indicate a substantial difference between the two groups. In order to look further into this particular issue, Fig. 1 shows the distribution of responses for politicians and voters. About 55% of politicians either partly agree or agree to the proposition that it is easy to start and run a business. The corresponding figure for voters is only about 25%. Hence, there is a clear discrepancy in the perception of the ease of starting and running a business between those responsible for shaping the formal institutional conditions for entrepreneurial activities and voters.

Table 9 Estimation results: Entrepreneurship policy

Variable	Decreased unemployment important	New firms important for creating jobs	Small firms important for creating jobs	Growing firms important for creating jobs	Large firms important for creating jobs	Easy to start business	Conditions important
Gender	-0.123*** (0.040)	0.011 (0.028)	0.049* (0.029)	0.028 (0.026)	-0.053 (0.036)	0.370*** (0.063)	0.114* (0.064)
Age	0.005*** (0.002)	0.005*** (0.001)	0.007*** (0.001)	0.002** (0.001)	0.002 (0.001)	0.001 (0.002)	0.011*** (0.002)
Current work	0.030 (0.051)	0.101*** (0.038)	0.150*** (0.039)	0.059* (0.034)	0.021 (0.047)	-0.001 (0.080)	-0.029 (0.083)
Income	0.080** (0.040)	0.037 (0.030)	-3.153×10^{-4} (0.031)	0.041 (0.027)	-2.250×10^{-6} (0.038)	0.170** (0.069)	0.193*** (0.069)
Previous experience	-0.153 (0.130)	0.012 (0.076)	0.027 (0.087)	0.088 (0.067)	-0.042 (0.112)	0.161 (0.176)	0.464*** (0.165)
Politicians	0.341*** (0.048)	0.128*** (0.047)	0.219*** (0.053)	0.129*** (0.044)	-0.341*** (0.091)	0.441*** (0.120)	1.119*** (0.099)
R^2	0.018	0.015	0.027	0.009	0.009	0.039	0.046
N	2182	2187	2188	2179	2179	1616	2128

Marginal effects are reported in the table. Robust standard errors in parentheses

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

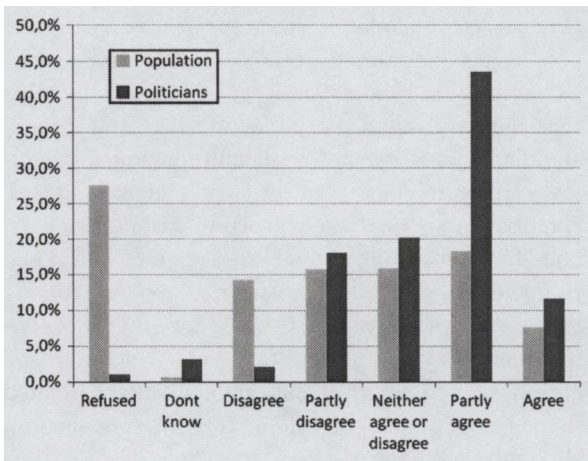


Fig. 1 The ease of starting and running a business

5 Conclusions and suggestions for future research

This paper provides a unique contribution to the discussion on entrepreneurship policy, and includes important insights into politicians' grounds for formulating entrepreneurship policy. Are politicians' experience of and attitudes to entrepreneurship congruent with those of voters? The empirical evidence shows that, if we control for individual characteristics, politicians are as entrepreneurial as their voters. However, politicians have a higher potential than voters for entrepreneurship. Furthermore, politicians have a less optimistic view of how entrepreneurs are perceived in the cultural context. The findings reported here indicate that attitudes towards entrepreneurship may be a smaller issue than what politicians think. Hence, there is a possibility that they put too much emphasis on these issues.

There are also some differences with respect to how politicians and voters perceive the importance of small, new and growing firms for employment growth. Politicians largely acknowledge the role of small, new and growing firms for creating jobs, while voters to a larger extent rely on large firms as job creators. Finally, there is a substantial discrepancy between how the ease of starting and running a business is perceived. Voters do not agree with politicians that it is easy to start and run a business in Sweden. Finally, it can be concluded that respondents from all political parties claim that the conditions for entrepreneurship are an important issue on their policy agenda.

What are the possible consequences of the discrepancies between voters and politicians highlighted in

this paper? The outcome is of course impossible to foresee, but a few possible directions may be sketched. First, this paper may contribute to devote attention to these differences and that political parties take action to mitigate the political risks associated with too large discrepancies between politicians and voters. In theories of political science it is argued that in situations of low political congruence between voters and representatives the process of dynamic representation may take place through mechanisms of replacement and rational anticipation (Andeweg 2010). Replacement may in this case imply that parties make sure that the electoral process considers entrepreneurship as one "variable" for securing variation and representativeness of candidates. It is also possible that the discrepancy between voters and politicians will contribute to a more pronounced development of "institutional entrepreneurship" (see, e.g., Li et al. 2006), i.e. that entrepreneurs who are not satisfied with the current conditions for entrepreneurship become involved in the political process. The mechanism of rational anticipation implies that politicians will adjust to the opinions of the voters. This way politicians try to avoid defeat in the next election (Andeweg 2010).

The findings show the differences between the highest level of elected politicians and voters, and it may be argued that professionalization of politicians is highest among Members of Parliament. It would be interesting to conduct a similar study reflecting the entrepreneurial experience and attitudes of politicians at local government level, i.e. city councilors. Is there better congruence of entrepreneurship experience and attitude between voters and politicians at the local level? Finally, it would be interesting to conduct a similar study targeted to bureaucrats who actually formulate entrepreneurship policies.

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Appendix A

See Table 10.

Table 10 Share of representatives from each party in parliament and distribution of respondents

Party	Share of answers in survey (%)	Share in parliament (%)
Centre party	12	7
Liberal party	7	7
Christian Democrats	8	5
Conservatives	38	31
Green party	13	7
Social democrats	14	32
Sweden Democrats	2	6
Left party	5	5

Appendix B

See Table 11.

Table 11 Descriptive statistics: Results weighted according to seats in parliament

Descriptive statistic	Unweighted	Weighted
Business start		
Voters	0.025	0.025
Politicians	0.044	0.034
Business ownership		
Voters	0.141*	0.141
Politicians	0.207*	0.185
Future business start		
Voters	0.078**	0.078 ^a
Politicians	0.138**	0.109 ^a
Business angel		
Voters	0.061	0.061
Politicians	0.076	0.099
Discontinued entrepreneurship		
Voters	0.027***	0.027***
Politicians	0.097***	0.089***
Know entrepreneur		
Voters	0.505***	0.505***
Politicians	0.864***	0.868***
Business opportunities		
Voters	0.628***	0.628 ^a
Politicians	0.975***	0.990 ^a
Sufficient entrepreneurial skills		
Voters	0.403***	0.403***
Politicians	0.797***	0.789***

Table 11 continued

Descriptive statistic	Unweighted	Weighted
Fear of failure		
Voters	0.360***	0.360***
Politicians	0.152***	0.214***
Considered entrepreneurship (extra question)		
Voters	0.217***	0.217***
Politicians	0.323***	0.407***
Equal income		
Voters	0.596**	0.596
Politicians	0.481**	0.516
Good career choice		
Voters	0.553***	0.553**
Politicians	0.390***	0.435**
Status and respect		
Voters	0.679***	0.679***
Politicians	0.438***	0.472***
New businesses in media		
Voters	0.623***	0.623***
Politicians	0.424***	0.419***
Decreased unemployment is an important issue for me		
Voters	4.500***	4.500***
Politicians	4.871***	4.911***
New firms are important for creating new jobs in Sweden		
Voters	4.662***	4.662***
Politicians	4.849***	4.783*
Small firms are important for creating new jobs in Sweden		
Voters	4.603*	4.603***
Politicians	4.871*	4.836***
Growing firms are important for creating new jobs in Sweden		
Voters	4.686***	4.686***
Politicians	4.871*	4.909***
Large firms are important for creating new jobs in Sweden		
Voters	4.463*	4.463***
Politicians	4.078*	4.260***
It is easy to start and run a business in Sweden		
Voters	2.851*	2.851***
Politicians	3.467*	3.434***
The conditions for starting and running a business is an important issue for me		
Voters	3.241*	3.241***
Politicians	4.511*	4.428***

^a Missing standard error because stratum with single sampling unit implies that the test for differences in means is not computable

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

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