

Chapter 4

Entrepreneurship, Global Competitiveness and Legitimacy

Alicia Blanco-González, Francisco Díez-Martín, and Alberto Prado-Román

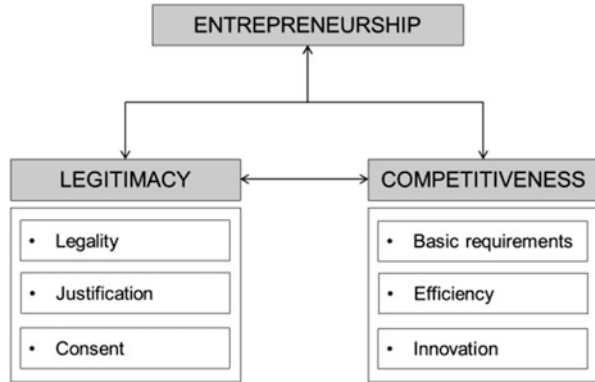
Abstract The purpose of the present research is to further study the relation between Entrepreneurship, Global Competitiveness and Legitimacy of a country. The initial hypothesis is that the higher the rate of entrepreneurship is, the greater the indicators of competitiveness and political legitimacy will be, increasing thus the possibility of economic growth for the country. This relation in Spain is measured using the Global Entrepreneurship Monitor (GEM), the European Social Survey (ESS) of the Union European (EU) and the Global Competitiveness Index (GCI) of the World Economic Forum (WEF) for the period between 2006 and 2012. The results show a decline in the entrepreneurship rate in Spain, which translates into a loss of competitiveness and a considerable decline of political legitimacy, especially regarding acts of justification (confidence in the political system and disappointment with the economy and the institutions). Results also indicate that public-private efforts are necessary to increase the entrepreneurship rate and improve legitimacy that enables Spain to attract investments and improve their position in the rankings that evaluate its competitiveness.

4.1 Introduction

Entrepreneurship is an extremely important activity for the competitiveness and growth of a country, which contributes to the creation of new jobs (Birch 1979, 1987; Van Stel et al. 2005). Nevertheless, the relation between entrepreneurship and the competitive development of a country is a relation difficult to measure (Spencer and Gómez 2006) and the empirical studies regarding the impact of entrepreneurship over the competitive development of states are limited (Van Stel et al. 2005). Hence, the approach of this research is not only to measure this relation but to incorporate a new variable: political legitimacy.

A. Blanco-González (✉) • F. Díez-Martín • A. Prado-Román
Department of Business Economics, Rey Juan Carlos University and European Academy
of Management and Business Economics (AEDEM), Madrid, Spain
e-mail: Alicia.blanco@urjc.es

Fig. 4.1 Entrepreneurship, competitiveness and legitimacy (Source: Authors' elaboration)



The level of development of a country is a key factor for those countries who want to reach their competitive goal (Amoros et al. 2012). The Global Entrepreneurship Monitor (GEM), the most relevant annual report on entrepreneurship, will be employed to conduct this study. The competitiveness of a country is a concept that has been analyzed from the beginning of Porter's arguments (1990) on the relevance of nations' competitive advantage. Some of the most relevant publications on competitiveness are the Global Competitiveness Report of the World Economic Forum (WEF) and the IMD World Competitiveness Yearbook. Following the World Economic Forum, Porter (2002) define competitiveness based on the degree of economic development of a country, which is divided into three specific stages: the factor-driven stage, the efficiency-driven stage and the innovation-driven stage. Furthermore, Porter (2002) develop two transitions between these stages (Fig. 4.1).

Finally, legitimacy is a relevant factor for competitiveness and the development rate of a country, while organizations must conform to social expectations and economic demands. Nowadays, to survive and to access resources entails finding the competitive advantage (Porter 1985). Therefore, the pursuit of the competitive advantage has become one of the reasons that lead to the search for organizations' legitimacy. Authors as Starr and MacMillan (1990) indicate that organizations must create an image of viability and legitimacy before being able to receive any support. Thus, a legitimate organization can obtain a greater support of stakeholders (Choi and Shepherd 2005), and better access to investment (Cohen and Dean 2005; Deeds et al. 2004; Deephouse and Suchman 2008; Diez-Martin et al. 2010a, 2013; Higgins and Gulati 2006; Pollock and Rindova 2003).

4.2 Theoretical Background

Firstly, entrepreneurship is one of the variables that empirical literature has suggested as a key element for a country's economic growth (Bleaney and Nishiyama 2002). There are diverse ways in which entrepreneurship may influence the economic growth of a country, for example, introducing important innovations through the opening of new markets or new production processes (Acs and Amorós 2008), or throughout the increase of competitiveness between companies (Geroski 1989; Nickel 1996; Nickel et al. 1997).

Secondly, and in accordance with the WEF, competitiveness is the group of institutions, policies and factors that determine the level of productivity of a country. The productivity level is the prosperity level that takes place in an economy. Productivity determines the ratio of return obtained from investments in the economy, leading to growth in the country. In other words, a more competitive economy will grow faster in time.

The measurement of a country's level of competitiveness concentrates fundamental aspects for the country's growth and productivity, and the attraction of domestic and foreign investment. The factors that the WEF takes into consideration for the measurement of a country's competitiveness are: institutions, infrastructure, macroeconomic stability, health and primary education, higher education and training, goods market efficiency, labor sector efficiency, financial market sophistication, technological readiness, market size, business sophistication and innovation.

Thirdly, legitimacy is a condition of cultural alignment, normative support and consonance with relevant rules and laws (Scott 1995). Its significance lies in the fact that the acceptance and desirability of an organization's activities by its environment and by social groups will enable access to the resources needed to survive and grow (Zimmerman and Zeitz 2002). Numerous organizations have failed not because their products or policies were bad or because they did not have sufficient resources, funding, or competitiveness, but due to their lack or deterioration of legitimacy (Ahlstrom and Bruton 2001; Chen et al. 2006).

The concept of political legitimacy, key in political science, refers to the degree in which citizens support the holding and exercising of political power. States that lack legitimacy allocate more resources to maintaining their rule and less to effective governance, which reduces economic stability (Gilley 2006). Numerous institutions, procedures or actors can be the objective of a political legitimacy study; ours will be the State, as institutional and ideological cornerstone of the political community. At this point, we must identify three sub-types of political legitimacy (Beetham 1991):

- Views of legality: The State holds and exercises political power in agreement with the citizens' views over laws, rules and custom. The importance of this dimension lies in the fact that rules are general and predictable. Rules create predictability in social life, which is itself a moral good, even if they often reinforce injustices in other respects. For example, how citizens perceive corruption and compliance with laws, their view of the police or citizen participation in demonstrations.

- Views of justification: Based on the principles shared by a society, ideas and values. Citizens respond to moral reasons given by the State to act in a certain way. Legitimacy is drawn from a shared morality that exists in citizens' everyday discourses. In other words, there is a common series of beliefs that dominate power relationships (Beetham 1991). The notion of moral consistency between the State and society is the basis of comparative and sociologist politics literature (for example, Nevitte and Kanji 2002). Confidence in political leaders or the view on the effectiveness of political institutions are examples of this.
- Acts of consent: The two previous dimensions are seen from a normative point of view; nevertheless they are insufficient to explain the legitimacy of the State. The omnipresence of political power and their regularization in everyday life means that at a given moment, citizens consciously may consider the legality or the justification of only a very small fraction of the whole system. This legitimacy gap gives rise to the need for "acts of consent." "Acts of consent" refer to the positive actions that express a citizen's recognition to the State's right to hold political authority and the acceptance of political obligation to comply with the resulting decisions, for example, voter turnout, collaboration with associations or payment of voluntary taxes.

The organizations who survive longer are those that better conform to the pressures of the environment, acting in accordance with socially established laws, norms and values. Those organizations who do not conform to the environment do not survive (Zaheer 1995). When an organization no longer has legitimacy it finds itself being socially rejected, which prevents it from having access to resources, and therefore limits or voids its competitiveness or productivity (Diez-Martin et al. 2010b, 2013; Vanhonacker 2000).

Therefore, the level of competitiveness is considered to be key to economic growth and to the survival of a state since it depends on the level of support received from its stakeholders (that is, its legitimacy) (Arnold et al. 1996). For example, it has been proven that legitimacy increases survival rates in non-profit organizations (Baum and Oliver 1991–1992; Singh et al. 1986) and reduces the rate of disappearance of hospitals in the United States (Ruef and Scott 1998).

Organizations (States) achieve greater legitimacy when complying with rules (point of view of legality), principles (point of view of justification) and beliefs (acts of consent) (Scott 1995). Legitimacy that can be gained, maintained or lost; and that can therefore be managed by institutions (Suchman 1995; Deeds et al. 1997). A large number of researches have examined how certain actions can be useful for some subjects to gain legitimacy while they can also cause other subjects to lose it (Phillips et al. 2004). Findings such as these reinforce the contributions of Suchman (1995) who believes that the best way of gaining legitimacy is, often, just conform and comply with what the environment wants. However, we know that the legitimacy can be managed, but which are the benefits of high levels of legitimacy?, do high levels of legitimacy influence the level of competitiveness reached by the institution or do they improve a country's entrepreneurship levels?

The strategic view of legitimacy is seen as something that can be manipulated to achieve the objectives of the institution or to access resources, in this case to achieve a higher level of competitiveness (Suchman 1995). Further, legitimacy allows the creation of a base for making decisions different from rational means. Individuals are influenced by how much they believe that the decisions taken by other legitimate people/institutions are right or appropriate and they should be followed (Zelditch 2001). Legitimacy would be able to create a sense of obligation in individuals that allows more legitimate organizations to gain the voluntary consent of external agents (Tyler 2005). That is, the greater the legitimacy the higher the scores on the indicators that measure competitiveness (e.g., sophistication of market and entrepreneurship rates.)

4.3 Methodology

4.3.1 *Sample*

The GEM report presents an annually published assessment of business activities, and individuals' aspirations and attitudes through a wide range of countries. This GEM initiative began in 1999 as an association between the London Business School and Babson College. The variable Total Entrepreneurial Activity (TEA) for the period 2006–2012 in Spain employed in this research will be extracted from this report.

Every 2 years, The European Union develops the European Social Survey (ESS) with the objective of measuring the change in attitudes and behavior patterns of European citizens over time and between countries, improving the quality of quantitative measurement, and establishing solid social indicators that enable the assessment of welfare on European countries.

The World Economic Forum (WEF) develops a competitiveness index showing how countries are placed in a competitiveness ranking through time and classifies them hierarchically in terms of a series of variables representing the micro and macro influences of each country. That is, it presents the competitive situation of each country in terms of individual variables and a combination of variables. The WEF calculates its index by weighting the average of the country through three indicators: basic requirements (institutions, infrastructure, macroeconomic environment and health and primary education), efficiency enhancers (higher education and training, goods markets efficiency, labor market efficiency, financial market sophistication, technology readiness and market size) sophistication and innovation factors (business sophistication and innovation).

4.3.2 Data and Variables

Using data from the GEM, the ESS and the WEF, this research aims to determine the interrelation between entrepreneurship, competitiveness and political legitimacy in a country and explore which factors have a relative priority over the others. Our study includes one item from the GEM, 18 items from ESS and 12 sub-index from the GCR for Spain between the years 2006 and 2012.

Entrepreneurship: To measure entrepreneurship we will use the Total Entrepreneurial Activity (TEA) contained in the GEM, which measures the relative amount of nascent entrepreneurs and business owners of young firms for a range of countries.

Competitiveness: The data corresponding to the years 2006, 2008, 2010 and 2012 of the GCR were obtained so as to evaluate competitiveness. Thus, we analyze the data concerning the Global Competitiveness Index, as well as the categories by pillars and dimensions for a scale of 1–7 (Table 4.1).

Political legitimacy: In order to assess political legitimacy we used the indicators proposed by Gilley (2006) obtained through the European Social Survey. For that purpose, we obtained the public data corresponding to the years 2002, 2004, 2006, 2008, 2010 and 2012 of the ESS. Subsequently, four measurements from the GCR regarding Spaniards perception of legality, justification and acts of consent were selected when its availability from the year 2005 was confirmed. Finally, we selected 18 items to measure political legitimacy (Table 4.2).

Table 4.1 Indicators of competitiveness

Pillars	Dimensions
Basic requirements	1. Institutions
	2. Infrastructure
	3. Macroeconomic environment
	4. Health and primary education
Efficiency enhancers	5. Higher education and training
	6. Goods market efficiency
	7. Labor market efficiency
	8. Financial market development
	9. Technological readiness
	10. Market size
Innovation and sophistication	11. Business sophistication
	12. Innovation

Source: World Economic Forum (2014)

Table 4.2 Indicators of Legitimacy

Legitimacy sub-type	Indicator	Scale
Legality	Confidence in the judicial system (PB8)	0–10
	Confidence in the police (PB9)	
Justification	Confidence in the Spanish parliament (PB7)	0–10
	Confidence in politicians (PB10)	
	Satisfaction with the economic situation (PB30)	
	Satisfaction with the functioning of democracy (PB32)	
	Satisfaction with education (PB33)	
	Satisfaction with the public health care system (PB34)	
Consent	Voter turnout (PB13)	1–2
	Political participation – demonstrations, boycotts, etc. (PB15–PB24):	
	Boycott to products for political, social or environmental reasons	
	Political contact, government	
	Signing of petitions	
	Participation in demonstrations	
	Collaboration with other organizations	
	Collaboration with political parties	
	Sample of emblems in campaigns	
	Political affiliation (PB26)	

Source: European Social Survey (2014)

4.4 Results

To analyze the relation between entrepreneurship, global competitiveness and political legitimacy we will proceed to the exhibition of the data obtained from the descriptive statistics (Table 4.3, 4.4, and 4.5) and the construction of global indicators of the variables. Taking into account that measuring scales are different depending on the specific dimension or variable, results were then turned into logarithms (scale 0–1) that enable benchmarking (Hair et al. 2009).

In Table 4.3 a remarkable drop in the TEA can be noticed for the 2008–2010 period, showing a slight increase in the rate on 2012.

Table 4.4 shows how the Spanish situation regarding the country's competitiveness index has not followed an upward progression. In Table 2.5, a loss of political legitimacy in all dimensions studied is verified. For the period 2006–2012, legality decreases 0.7228 points, justification 0.7228 and consent 0.0629. 2010–2012 was the period where Spain experiences a greater loss of legitimacy, years that coincide with the economic crisis. While the economic crisis (closely related to a country's competitiveness) can influence the political legitimacy it is relevant to mention the Spaniards loss of confidence in laws or their satisfaction with national economy (Table 4.5).

Table 4.3 TEA descriptive statistics

TEA SPAIN	2006	2008	2010	2012
<i>Total early-stage entrepreneurial activity (TEA)</i>	7.3	7.0	4.3	5.7

Table 4.4 Descriptive statistics of Spain's competitiveness index

Pillars of competitiveness	2006	2008	2010	2012
1. Institutions	4.3813	4.5901	4.2521	4.2460
2. Infrastructure	5.2920	5.2971	5.6732	5.9243
3. Macroeconomic environment	5.5976	5.5286	4.6027	4.1700
4. Health and primary education	6.3939	5.9613	6.0073	6.0888
5. Higher education and training	4.7959	4.7500	4.8510	5.0221
6. Goods market efficiency	4.6650	4.6332	4.2040	4.3685
7. Labor market efficiency	4.0135	4.1112	3.8821	3.9844
8. Financial market development	4.8466	4.9296	4.2821	3.8952
9. Technological readiness	4.2897	4.5865	4.6438	5.2886
10. Market size	5.5185	5.4728	5.4684	5.4530
11. Business sophistication	4.8297	4.8890	4.4615	4.5120
12. Innovation	3.6306	3.6062	3.4653	3.7705
Subindex A: Basic requirements	5.4162	5.3443	5.1338	5.1073
Subindex B: Efficiency enhancers	4.6882	4.7472	4.5553	4.6686
Subindex C: Innovation and sophistication	4.2301	4.2476	3.9634	4.1413
Global competitiveness index	4.6964	4.7168	4.4934	4.5982

Table 4.5 Descriptive statistics of dimensions of legitimacy

Dimension	Item	2006	2008	2010	2012
Legality	Confidence in laws	4.9984	4.3160	4.3831	3.6975
	Confidence in police	6.0242	6.0579	6.2279	5.8795
	Total (0–10)	5.5113	5.1869	5.3055	4.7885
Justification	Confidence in parliament	4.9910	4.3160	4.3160	3.6975
	Confidence in political parties	3.4647	3.2637	2.7031	1.8796
	Confidence in politicians	3.4937	3.3173	2.7249	1.9101
	Satisfaction with national economy	5.3224	3.6272	2.7226	2.1676
	Satisfaction with government	4.8002	4.0226	2.9590	2.5180
	Satisfaction with democracy	5.9156	5.8130	5.0893	3.9809
	Situation of education	5.1965	5.2450	5.2262	4.5407
	Total (0–10)	4.9010	4.5409	4.0201	3.2099
	Consent	Products boycott	1.8968	1.9204	1.8852
Political contact, government		1.8797	1.8988	1.8650	1.8684
Petition signing		1.7719	1.8236	1.7377	1.6676
Participation in demonstrations		1.8184	1.8415	1.8178	1.7409
Voting in past elections		1.4472	1.3867	1.4311	1.3371
Collaboration with other organizations		1.8568	1.8979	1.8241	1.7801
Collaboration with political parties		1.9488	1.9693	1.9299	1.9226
Total (1–2)		1.8176	1.8363	1.7987	1.7547

Table 4.6 Global results of entrepreneurship, competitiveness and legitimacy

Year	2006	2008	2010	2012	Variation 2012-06
TEA	0.8633	0.8451	0.6335	0.7559	-0.1074
Global competitiveness index	0.6718	0.6736	0.6526	0.6626	-0.0092
Legality	0.7413	0.7149	0.7247	0.6802	-0.0611
Justification	0.6903	0.6571	0.6042	0.5065	-0.1838
Consent	0.2595	0.2639	0.2550	0.2442	-0.0153
Legitimacy	0.5637	0.5453	0.5280	0.4770	-0.0867

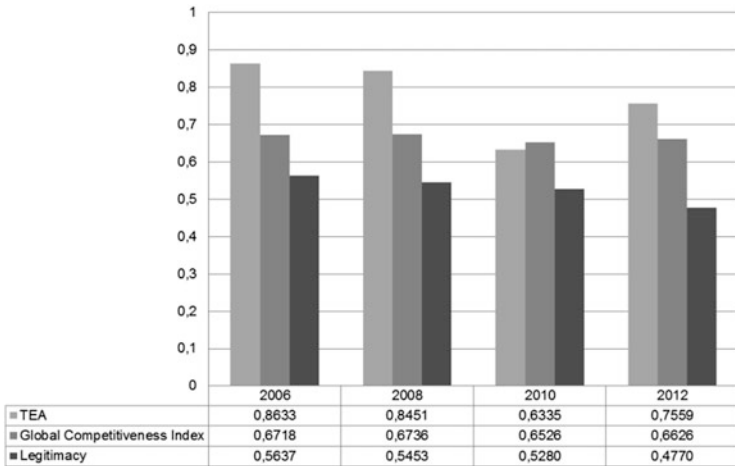


Fig. 4.2 Entrepreneurship, competitiveness and legitimacy evolution

The results of the conversion to logarithms and the graphic representation of this evolution are presented in the following table and graphic (Table 4.6).

Although political legitimacy has decreased (-0.0867) and the TEA has presented a significant decline, the competitiveness index has remained more stable (-0.0092). This demonstrates that the outside perception of Spain is not the same as the one Spaniards have of their country and that the initiatives carried out by the Government and the satisfaction with education or health care are not consistent with the results achieved by Spain in international indices, such as the WEF. Likewise, the loss of legitimacy corresponds with the decline of new business (Fig. 4.2).

4.5 Conclusions

The objective of this research is to better understand how the relation between entrepreneurship, competitiveness and political legitimacy becomes a source of competitive advantage for countries. Entrepreneurship is one of the variables that empirical literature has suggested as a key element for a country's economic growth and competitiveness (Bleaney and Nishiyama 2002). Entrepreneurship and competitiveness are affected by the degree of social acceptance of the institutions running a State (Gilley 2006). States that lack legitimacy devote more resources to maintaining their rule and less to effective governance, which reduces social support and makes them vulnerable to being overthrown, which leads to little economic stability and loss of new businesses creation (Gilley 2006). For that purpose, the relation between the Total early-stage Entrepreneurial Activity (TEA), the index provided by the World Economic Forum each year and the dimensions of the political legitimacy calculated through data from the European Social Survey have being analyzed.

Through the study of entrepreneurship, competitiveness and legitimacy in Spain during the 2006–2012 period, the results suggest a decline in the rate of entrepreneurship and a loss of political legitimacy of Spain, which would hamper the achievement of the country's competitiveness advantage, and it is an evidence of Spaniards loss of confidence on their institutions, their legal system or voter turnout. Facts that in the immediate future would influence Spain's position in international rankings, such as the GRI developed by the WEF, and would hinder the start-up of new business.

The results of this study show a decrease of 0.1074 points (scale 0–1) in the entrepreneurship rate for the 2006–2012 period. This is the most notorious fall of all analyzed variables. In addition, and in consistency with these results the political legitimacy fell 0.0867 points. Even though this decrease of legitimacy has no influence on the political and economic stability of a democratic country like Spain, it can indeed be one of the causes of Spain's loss of attractiveness for investments, lower encouragement of entrepreneurs, or Spain positioning at international level (Gilley 2006). Analyzing results by dimensions or by the points of view regarding legitimacy, it can be demonstrated that the most significant decrease for legitimacy in Spain comes from the point of view of justification (−0.1838). The European Social Survey identifies values below the approved on all the indicators and a considerable loss of confidence in political parties (−1.4852 points out of 10), politicians (−1.5837) and the Parliament (−1.5637), and a disappointment with national economy (−1.5837), (−2.2822) government and democracy (−1.9346).

Analyzing legitimacy from the point of view of legality a low confidence in laws (3.6975 on 10) and a decrease of 1.3009 points for the whole period is noted; moreover, confidence in the police obtained a passing score (5.8795). Finally, analyzing acts of consent it is observed that Spaniards' support and participation are decreasing.

Results which, in the beginning, are in the line with the results achieved in international competitiveness indices, but do not have direct relation with its evolution over time. In order to be able to prove this coherent relation the incorporation of a greater number of countries to this preliminary study becomes necessary to enable a more detailed comparison (a greater number of years at this moment would not be possible).

This research suggests that the Spanish government should concentrate its efforts on promoting entrepreneurship and gaining political legitimacy those results in an improvement on business climate and entrepreneurial environment to attract investments and improve the country's competitiveness. The government should focus on improving Spaniards level of satisfaction with law enforcement, political institutions and the educational and health system, and encourage voter turnout. Thus, the increase in legitimacy will lead to a raise in general confidence in Spain, greater economic stability and major access to resources, which will attract investors, improve the mood of entrepreneurs and have an impact on the escalation of Spain in international indices such as the Global Competitiveness Index or the Doing Business Index.

Finally, as every research work, this one is not without limitations. It is necessary to increase the number of countries of the sample, for example including European Union member states, in order to validate the proposed relation; to apply statistical methods enabling the confirmation of results; to introduce other variables not yet incorporated into the measurement or that might have an impact on the same; or to prove the effect of governmental and business initiatives to encourage entrepreneurship and Spanish competitiveness.

References

- Acs ZJ, Amorós JE (2008) Entrepreneurship and competitiveness dynamics in Latin America. *Small Bus Econ* 31(3):305–322
- Ahlstrom D, Bruton GD (2001) Learning from successful local private firms in China: establishing legitimacy. *Acad Manag Exec* 15:72–83
- Amoros JE, Fernández C, Tapia J (2012) Quantifying the relationship between entrepreneurship and competitiveness development stages in Latin America. *Int Entrep Manag J* 8:249–270
- Arnold SJ, Handelman J, Tigert DJ (1996) Organizational legitimacy and retail store patronage. *J Bus Res* 35:229–239
- Baum JAC, Oliver C (1991) Institutional linkages and organizational mortality. *Adm Sci Q* 36: 187–218
- Beetham D (1991) *The legitimation of power*. Macmillan, London
- Birch D (1979) *The job generation process*. MIT Program on Neighborhood and Regional Change, Cambridge, MA
- Birch D (1987) *Job creation in America: how our smallest companies put the most people to work*. The Free Press, New York
- Bleaney M, Nishiyama A (2002) Explaining growth: a contest between models. *J Econ Growth* 7(1):43–56
- Chen HY, Griffith DA, Hu MY (2006) The influence of liability of foreignness on market entry strategies. *Int Mark Rev* 23:636–649

- Choi YR, Shepherd DA (2005) Stakeholder perceptions of age and other dimensions of newness. *J Manag* 31:573–596
- Cohen BD, Dean TJ (2005) Information asymmetry and investor valuation of IPOs: top management team legitimacy as a capital market signal. *Strat Manag J* 26:683–690
- Deeds DL, Decarolis D, Coombs JE (1997) The impact of firm-specific capabilities on the amount of capital raised in an initial public offering: evidence from the biotechnology industry. *J Bus Ventur* 12(1):31–46
- Deeds DL, Mang PY, Frandsen ML (2004) The influence of firms' and industries' legitimacy on the flow of capital into hightechnology ventures. *Strat Organ* 2(1):9–34
- Deephouse D, Suchman M (2008) Legitimacy in organizational institutionalism. In: Greenwood R, Oliver K, Suddaby R, Sahlin-Andersson K (eds) *The sage handbook of organizational institutionalism*. Sage, London, pp 49–77
- Diez-Martin F, Blanco-González A, Prado-Román C (2010a) Legitimidad como factor clave del éxito organizativo. *Investigaciones Europeas de Dirección y Economía de la Empresa* 16(3): 127–143
- Diez-Martin F, Blanco-González A, Prado-Román C (2010b) Measuring organizational legitimacy: the case of Mutual Guarantee Societies. *Cuadernos de Economía y Dirección de Empresas* 43:115–143
- Diez-Martin F, Prado-Román C, Blanco-González A (2013) Beyond legitimacy: legitimacy types and organizational success. *Manag Decis* 51(10):1954–1969
- European Social Survey (2014) <http://www.europeansocialsurvey.org/>
- Geroski PA (1989) Entry, innovation and productivity growth. *Rev Econ Stat* 71(4):572–578
- Gilley B (2006) The meaning and measure of state legitimacy: results for 72 countries. *Eur J Polit Res* 45:499–525
- Hair JF, Black WC, Babin BJ, Anderson RE (2009) *Multivariate data analysis: a global perspective*, 7th edn. Prentice Hall, Upper Saddle River
- Higgins MC, Gulati R (2006) Stacking the deck: the effects of top management backgrounds on investor decisions. *Strat Manag J* 27(1):1–25
- Nevitte N, Kanji M (2002) Authority orientations and political support: a cross-national analysis of satisfaction with governments and democracy. *Comp Sociol* 1:387–413
- Nickel SP (1996) Competition and corporate performance. *J Polit Econ* 104:724–746
- Nickel SP, Nicolitsas D, Dryden N (1997) What makes firms perform well? *Eur Econ Rev* 41: 783–793
- Phillips N, Lawrence TB, Hardy C (2004) Discourse and institutions. *Acad Manage Rev* 29: 635–652
- Pollock TG, Rindova VP (2003) Media legitimation effects in the market for initial public offerings. *Acad Manage J* 46:631–642
- Porter ME (1985) *Competitive advantage: creating and sustaining superior performance*. Free Press, New York
- Porter M (1990) *The competitive advantage of nations*. The Free Press, New York
- Porter M (2002) Enhancing the microeconomic foundations of prosperity: the current competitiveness index in world economic forum. In: *The global competitiveness report 2001–2002*. Oxford University Press, Oxford, pp 2–26
- Ruef M, Scott R (1998) A multidimensional model of organizational legitimacy: hospital survival in changing institutional environments. *Adm Sci Q* 43(4):877–904
- Scott WR (1995) *Institutions and organizations*. Sage, Thousand Oaks
- Singh JV, Tucker DJ, House RJ (1986) Organizational legitimacy and the liability of newness. *Adm Sci Q* 31:171–193
- Spencer JW, Gómez C (2006) The relationship among national institutional structures, economic factors, and domestic entrepreneurial activity: a multicountry study. *J Bus Res* 57(10): 1098–1107
- Starr JA, Macmillan IA (1990) Resource cooptation via social contracting: resource acquisition strategies for new ventures. *Strat Manag J* 11(Special Issue Summer):79–92

- Suchman M (1995) Managing legitimacy: strategic and institutional approaches. *Acad Manage Rev* 20(3):571–610
- Tyler TR (2005) Psychological perspectives on legitimacy and legitimation. *Annu Rev Psychol* 57:375–400
- Van Stel A, Carree M, Thurik R (2005) The effect of entrepreneurial activity on national economic growth. *Small Bus Econ* 24(3):311–321
- Vanhonacker WR (2000) A better way to crack China. *Harv Bus Rev* 78:20
- World Economic Forum (2014) World competitiveness index. www.weforum.org/issues/global-competitiveness
- Zaheer S (1995) Overcoming the liability of foreignness. *Acad Manage J* 38:341–363
- Zelditch M (2001) Processes of legitimation: recent developments and new directions. *Soc Psychol Q* 64:4–17
- Zimmerman MA, Zeitz GJ (2002) Beyond survival: achieving new venture growth by building legitimacy. *Acad Manag Rev* 27(3):414