Chapter 1
Emerging Economies: Muddling Through to Development

Mathew J. Manimala and Kishinchand Poornima Wasdani

“We have reached a tipping point in global economic affairs. No longer is it possible to argue convincingly that the US or European nations determine the agenda for the world economy as a whole. 2009 will surely go down as the year when we both uncovered the scale of the crisis in the developed world and celebrated the resilience of much of the emerging world in the face of what appeared to be a perfect economic storm” (HSBC 2010, p. 10). These words of Stephen King, Chief Economist of HSBC Group, are representative of the widely held belief that the future of the world economy would be safe-guarded by the Emerging Economies (EEs) rather than by the developed ones. The rising resilience of emerging markets and developing economies (EMDEs) has also been shown by several research studies, among which a 60-year longitudinal study by the IMF is especially noteworthy (Abiad et al. 2012). The performance of these economies after the crisis of 2008–2009 showed that their resilience is not only in comparison with the advanced economies, but also with their own pasts (Ceballos et al. 2012).

There are a few other trends in the EE economies that are often cited as indicators of their future prominence, some of which are listed below:

- By 2020, the GDP of BRIC countries and Mexico will be among the top ten, thus changing the power equations (Economy Watch 2010).
- By 2030, the middle class in India and China will surge to become the top spenders of the world capturing 23 and 18 % of the global consumption, respectively, where the United States will be a poor third, with only a share of 7 % (Kharas 2011).
- By 2050, the BRIC’s GDP will have outgrown the G7’s by more than double, whereby BRIC economies will be three times bigger than the entire world’s economy today (Little 2008).

M.J. Manimala (✉) · K.P. Wasdani (✉)
Indian Institute of Management Bangalore, Bangalore, India
e-mail: manimala@IIMB.ERNET.IN

K.P. Wasdani
e-mail: poornimak@IIMB.ERNET.IN; kishinchandpoornima@gmail.com

© Springer India 2015

M.J. Manimala and K.P. Wasdani (eds.), *Entrepreneurial Ecosystem*,
DOI 10.1007/978-81-322-2086-2_1

- EE will become important for foreign investors, as the numbers of EE-based MNCs are steadily growing. For example, between 2006 and 2008, the number of multinationals from Brazil, Russia, India and China rose from 15 to 62 in the Financial Times (FT) 500 list (Infosys 2011).
- Global R&D spending of EE-based technology companies is steadily increasing, with China and India having about 20 % of share in the global R&D spending and emerging as net exporters of R&D. These companies are introducing "Frugal Innovations" that are designed, engineered, and priced for the low-to-middle range market segments. Some of these products have found their way into developed markets in a process of "Reverse Innovation". As of 2010, there were 44 EE companies among the biggest 1,000 technology companies in terms of their R&D spending, which is an almost three-fold rise from the 16 in 2005 (Roland 2012).

Although there have been apprehensions expressed by some researchers (Bhattacharya and Patnaiky 2013; OECD 2008, 2009, 2011) about the sustainability of EE's economic performance, the general mood is upbeat about their ability to emerge as a major power-group in the global economy. It is against this context of ambivalent perceptions that we take a re-look at the nature of this group of countries (generally dubbed as "Emerging Economies") as an economic entity and critically examine their prospects for continued growth and development in the face of a variety of problems being faced by them.

1.1 An Amorphous and Self-organizing Group?

Though "Emerging Economies" is one of the widest used terms in discussions of global economies, it takes different meanings in different contexts to suit the main issue under discussion. The discourse on the emerging economic power of a few developing countries was initiated by the Goldman Sachs economist Jim O'Neill in 2001, when he coined the acronym "BRIC" to designate a new group of developing countries, toward which the economic power would gradually be shifting from the developed G7 nations (O'Neill 2001). The four countries—Brazil, Russia, India, and China—were initially identified as the fulcrum of this new force, primarily because of the geographical and demographical size of these countries, the burgeoning middle-class in these countries and their increasing purchasing power, and the economic liberalization policies that catapulted them into new growth trajectories, which would make them wealthier than many G7 or OECD countries by 2050. Some strengths of the BRIC economies, as perceived by an investment bank (HSBC) is reproduced in Exhibit 1.1, which could be seen as representative of how the rest of the world views them.

It was soon realized that the BRIC are not the only countries in the developing world that have the potential for attaining such economic clout. Other nations were gradually added to the list, expanding the "BRIC" acronym to "BRICS" (including

Exhibit 1.1 The BRIC strengths—through an investor's lens

Brazil
Self-sufficientSelf Sufficient in oil; large offshore discoveries in 2007 are likely to make it a big oil exporter
World's largest exporter of commercial jets
World's fourth-largest steel exporter
World's tenth-largest economy
HSBC 2010 GDP growth forecast: 5.8 %
Russia
World's largest exporter of natural gas
World's second-largest exporter of oil
World's third-largest exporter of steel and aluminum
World's eighth-largest economy
HSBC 2010 GDP growth forecast: 4.7 %
India
Strong, well-capitalized banks
Low-cost and highly educated English-speaking labor force
Global leader in IT and business-process outsourcing
World's fifth-largest economy
HSBC 2010 GDP growth forecast: 8.2 %
China
Economy has grown more than tenfold since 1978
Accounts for about 60 % of foreign direct investment in emerging markets
Significant presence in aerospace, shipbuilding and IT
World's third-largest economy
HSBC 2010 GDP growth forecast: 10.3 %

Source HSBC 2010

South Africa) and "BRIICS" (including Indonesia and South Africa). However, such modifications to the BRIC acronym were not able to accommodate all the countries that may fit a broad definition of emerging economies. One such broad definition is by Hoskisson et al. (2000, p. 249) who define them as "low income, rapid growth countries using economic liberalization as their primary engine of growth," and further state that "they fall into two groups: developing countries in Asia, Latin America, Africa and the Middle East and the transition economies in the former Soviet Union and China."

While this definition is broad enough to include a large number of countries in similar situations, there were questions like how low is "low income" and how rapid is "rapid growth." Would it be legitimate to have Kenya or Bangladesh in the same group as Russia or Poland where the per capita income is more than 10 times higher than that of the former? On the growth-rate, however, there is a different picture, with none of the transition economies being able to match the growth-rates of a few from the developing regions. In fact, in a study (Roland 2012) where a

choice of 20 emerging markets was made on the basis of a single criterion of projected growth-rate up to 2030, the countries that got included were: Argentina, Brazil, China, Colombia, Egypt, India, Indonesia, Iran, Iraq, Malaysia, Mexico, Nigeria, Pakistan, Peru, Russia, Saudi Arabia, South Africa, Thailand, Turkey, and Vietnam. It may be noted that there are no transition countries in this list (except Russia). Besides, it also does not strictly conform to the "regional specification" in the definition cited above, as it includes Turkey from Europe.

The lack of clarity on the definition of EE has made it convenient for different agencies to adopt different definitions to suit the purpose of their discourse. EE can therefore be described as an amorphous or self-organizing group that takes the required shape based on its surroundings. Against this background it may be noted that a weighted average approach for computing EE Opportunity Index based on seven variables—namely: GDP at purchasing power parity (20 %), Population (10 %), GDP per capita (15 %), Imports (10 %), Exports (10 %), Average projected growth for 2012–2017 (20 %), and Human development index (15 %)—adopted by Grant Thornton (2012) to identify and rank-order EE countries has produced a list of 27 countries, spread across all continents except North America and Oceania (see Table 1.1). In this computation too, the relevance of the BRIC group clearly stands out, with China, India, Russia, and Brazil occupying the first four ranks, albeit in the reverse order of BRIC. The later additions to the BRIC list—Indonesia at Rank 7 and South Africa at Rank 14—are not poor choices, although not the next best.

Table 1.1 Emerging markets opportunity index: a rank-ordered list of EE countries

	VALUES							
RANK	COUNTRY	GDP (PPP) $ BN	POPULATION MILLIONS	GDP PER CAPITA	IMPORTS $ BN	EXPORTS $ BN	GROWTH % AVE 2012-17	HDI
	Weight	20	10	15	10	10	20	15
1	China	11,379	1,344	8,466	1,980	2,081	8.0	0.69
2	India	4,534	1,241	3,652	586	441	6.3	0.55
3	Russia	3,016	142	21,248	412	575	4.0	0.76
4	Brazil	2,305	197	11,719	310	293	3.5	0.72
5	Mexico	1,753	115	15,270	386	365	3.4	0.77
6	Turkey	1,289	74	17,499	261	173	3.8	0.70
7	Indonesia	1,131	242	4,668	209	221	6.2	0.62
8	Poland	814	38	21,310	238	224	3.0	0.81
9	Malaysia	450	29	15,589	225	262	4.9	0.76
10	Thailand	605	70	8,703	279	270	5.1	0.68
11	Argentina	720	41	17,574	90	98	3.6	0.80
12	Chile	299	17	17,311	89	94	4.6	0.80
13	Hungary	215	10	21,510	120	134	1.6	0.82
14	South Africa	558	51	11,035	141	111	3.7	0.62
15	Peru	303	29	10,318	45	51	6.0	0.72
16	Vietnam	302	88	3,435	118	106	6.5	0.59
17	Nigeria	411	162	2,532	77	118	6.1	0.46
18	Romania	324	21	15,163	87	73	3.1	0.78
19	Colombia	474	47	10,103	64	62	4.4	0.71
20	Venezuela	376	29	12,836	59	94	3.4	0.74
21	Iran	840	75	11,224	81	140	1.2	0.71
22	Egypt	522	83	6,324	72	50	4.8	0.64
23	Philippines	393	95	4,140	75	64	4.9	0.64
24	Bangladesh	269	150	1,788	41	26	6.3	0.50
25	Ukraine	331	46	7,251	97	87	3.4	0.73
26	Algeria	314	36	8,715	58	77	3.4	0.70
27	Pakistan	488	177	2,763	51	29	3.5	0.50
	Mean	1,275	172	10,828	232	234	4.4	0.7

Sources: World Development Indicators, World Bank; World Trade Organisation; Experian; HDI United Nations Human Development Report

Glossary

- GDP: Gross Domestic Product – total output of an economy
- PPP: Purchasing Power Parity – broadly equalises the purchasing power of incomes across borders by accounting for different prices charged for the same good or service
- HDI: Human Development Index – composite index measuring life expectancy and health, knowledge and a decent standard of living

Calculation

- The mean average was calculated for each indicator. This average was set as 100 and each economy was indexed accordingly.
- Weighting was attributed as shown in the table above to give a weighted score for each country
- The composite score is the summation of the all seven weighted scores

Source Grant Thornton (2012)

It seems that, in spite of using several variables and a weighted average computation, the size of the countries, along with two other closely associated sizes of population and GDP, is the most dominant influence on the ranks in this index.

The wide variations in the characteristics of an emerging economy have led to the search for the critical factor that would distinguish an emerging market from others. As mentioned above, many of these characteristics, though apparently distinctive and often promulgated as such, become unacceptable because of conceptual as well as practical reasons. A few such factors are briefly outlined below (Hoskisson et al. 2000; Mody 2004; Infosys 2011):

- *Low or middle income* (*per capita GDP*) *combined with high growth-rates*: While this combination is seen as an important characteristic of emerging economies, there are issues about the definitions of “low income” and “high growth”. As may be seen from Table 1.1, the difference in per capita GDP is more than 12 times between the lowest income country (Bangladesh) and the highest (Hungary). Similarly, there are wide variations in the growth rates too, where the difference between the lowest (Iran with 1.2 %) and the highest (China with 8 %) is about 7 times.
- *Suboptimal levels of industrialization*: While these companies are growing fast, they have not fully utilized their potential for industrialization. In terms of a commonly used three-stage model of economic development (Porter 1990; Porter et al. 2002), they are likely to be in the “factor-driven” or “efficiency-driven” stages, with hardly any country in the “innovation-driven” stage (although some industries, say defense and space, in countries like Russia have reached that stage). Granting that the countries are in one of the two early stages, there could still be a question about how similar these two stages are. In fact, the differences among the three stages are more prominent than the similarities, which is especially true of their institutional environments (Acs et al. 2008). If at all we need to find some similarities between countries in the first two stages, it is the fact that they have not reached their full industrialization level.
- *Economic liberalization*: A major policy-measure adopted by many of these countries to achieve full industrialization is the economic liberalization, enabling a transition from a centrally planned or highly regulated/protected economic system to a free market system. The process is normally known by the acronym LPG (Liberalization, Privatization, and Globalization) and is expected to benefit the liberalizing country in several ways, the most important of them being the flow of foreign investment and technology.
- *Facilitation of Foreign Direct Investment* (*FDI*): While the LPG process helps in creating macro- and microeconomic conditions favorable to FDI, many countries actively try to attract foreign investors by creating favorable legal, regulatory, infrastructural, and informational environment (see, for example, Ng and Tuan 2002; Government of India 2003).
- *High-risk/High-profit business environment*: Such an environment is not deliberately created by the governments but is a by-product of the LPG process. Reforms, especially in economies with wide disparities, in income-distribution

are unlikely to be smooth. The erratic and uneven pace of reforms may lead to high volatility in the local conditions and result in mismatches of efforts and outcomes in complementary sectors, which in turn would adversely affect the institutional maturity. While such a situation would naturally enhance the risk levels, it is also a source of highly profitable opportunities, and thus may attract the more adventurous investors, local as well as foreign. Though there is general agreement among researchers about the higher volatility (and therefore higher risk) in emerging economies compared to the developed ones, this is not the case about the "higher-profit" proposition; some researchers (e.g.: Klingen et al. 2004) observe that that the average return to private investment in emerging markets over a few decades has been no higher than the risk free rate for investments in the US treasuries. Investments in emerging economies would therefore be inconsistent and haphazard.

- '*Emerging institutions*': One reason for the higher risk in emerging economies is observed to be the "emerging" nature of its institutions. In other words, the intermediaries (private, NGO, or government) that "minimize the sources of market failures" are also emerging (that is, not fully developed). In fact, according to Khanna and Palepu (1999), this emerging nature of institutions is the most critical characteristic of an emerging economy. Apparently, all other characteristics listed above are a consequence of the underdeveloped institutional environment.

1.2 Underdeveloped Institutions

The collective findings of research on emerging economy institutions are that they are still evolving and are plagued with inconsistent policies and informal decision systems. One researcher has identified four different types of institutions in a country, namely: economic, government (including the firm level governance factors), business, and social institutions (Tan et al. 2008). While this classification is broad enough to include most institutions, further subclassifications like the legal, political, cultural, educational, etc. would be useful for focused analysis and action. In general, it is observed that the underdeveloped formal institutions like economic and legal ones and the immature informal institutions like social and cultural ones (code of conduct, norms and values) influence the behavior of entrepreneurs in the emerging economies (Tonoyan et al. 2006). The high cost of protecting rights, enforcing legal decisions and the inadequacy of financial institutions, result in high levels of corruption in these economies (Tonoyan et al. 2006).

When the institutions are underdeveloped and informal, enterprises tend to create personal ties with people in power and exploit these networks to influence the success of a firm. An obvious consequence of this practice is that the conduct of business would become less transparent, which results in the dominance of a few businesses in emerging economies, making them less accessible to a wide range of

foreign business collaborations. Hence the number of collaborations become limited, in which the foreign companies' ability to resist corruption would get restricted, as they are dependent on the local partners' personal ties and networks for getting the business done. Consequently, they are forced to abandon the practices being followed by them in their countries of origin and adopt the practices (some of which may be corrupt) of their partners in the emerging economies. Of course, the foreign collaborators can influence the culture and practices in small measures, especially if supported by journalists, NGOs, third party monitors, industry stakeholders, and consumer groups (Tan 2009).

Institutions are normally valued for the support they extend in starting and managing the business, which include access to capital, protection of property rights, and various other kinds of government assistance (Volpe and Schenck 2008). In the emerging economies, institutions are highly volatile and unreliable about providing the aforesaid requirements of entrepreneurs, which ironically create entrepreneurial opportunities for institutional brokering, spanning institutional voids, and bridging institutional distances (Tracey and Phillips 2011). These opportunities help the firms of developed economies more than their counter parts in developing economies with business recovery, business making, and money-making (Tracey and Phillips 2011). World Economic Forum Financial Development Report (WEF 2012b), ranks 62 of the world's leading financial systems and capital markets based on 120 parameters to create an assessment of the different aspects of complex financial systems, including the institutional environment, the business environment, financial stability, banks, capital markets, and overall capital availability and access. The report attributes the poor performance of the emerging economies to poor record in enforcing contracts, low levels of liberalization, inadequate IT and communication infrastructure, and general high costs of doing business (WEF 2012b). The institutional fragility causes market inefficiencies, which are overcome by foreign investors by altering their mode of entry into the emerging economies, as shown by Meyer et al. (2009) in their study of four emerging economy nations, namely: Vietnam, South Africa, Egypt, and India. It was observed by them that in a weaker institutional framework, joint ventures (JVs) are used to access many resources through partners' social networks, but in a stronger institutional framework, acquisitions are perceived as safe and are preferred as the entry strategy, as it can help in accessing resources that are intangible and organizationally embedded.

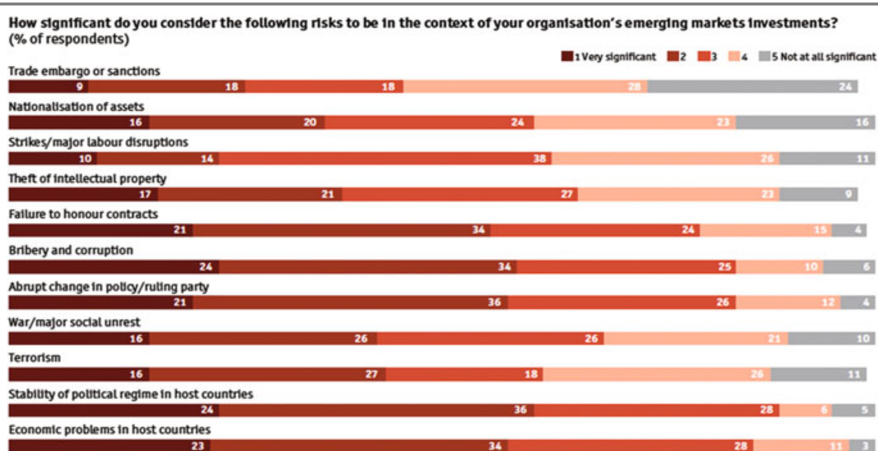
According to a report by the IMF and the World Bank (2011), the most critical institutional deficiency in emerging economies is with the financial system, which is characterized by limitations of numbers and variety-with banks leading the sector as against capital markets and other financial institutions which remain under developed-greater dependence on foreign capital, weaker institutional frameworks, and financial market infrastructures, capacity constraints, relatively greater involvement of the state in the financial system, and greater use of international currencies for domestic financial transactions (financial dollarization). Inadequacies of financial and other institutions in emerging economies lead to inability for enterprises to raise adequate financing, shortage of skilled employees, difficulty in communicating with

customers due to the nonavailability of local infrastructure and delays and obstructions due to unpredictable government behavior, which can hinder the overall progress of these economies and stunt their growth (Khanna and Palepu 1997).

Institutional inadequacies in emerging economies are apparently a major concern for international investors, as may be seen from the results of a survey by the Economist Intelligence Unit (2006). The survey was conducted among 177 executives (with about 91 % of them having influence over risk-management decisions in their companies) from a wide range of industries spread across three main regions of the world (each one accounting for about one-third of the respondents), namely: Asia and Australia, North America, and Western Europe. Their risk-perceptions about 11 factors affecting investments in emerging economies are reproduced in Table 1.2.

Combining the ratings of 1 (Very Significant) and 2 (Significant), it could be stated that the most risky factors are: Stability of political regime in host countries (60 %), Bribery and corruption (58 %), Economic problems in host countries (57 %), Abrupt changes in policy/ruling party (57 %), and Failure to honor contracts (55 %). Obviously, the major concerns of investors are about politics, governance, and culture, all of which have an impact on the nature and functioning of institutions. For example, the political parties in emerging economies have a tendency to interfere with institutions, especially those under the government, unlike in the developed economies where the interference is minimal and legally regulated. Institutions are susceptible to the influence of the government and political parties because they are designed in that way in the first place by the politicians who do not

Table 1.2 Risk factors affecting investments in emerging economies: EIU survey



How significant do you consider the following risks to be in the context of your organisation's emerging markets investments? (% of respondents)

Risk	1 Very significant	2	3	4	5 Not at all significant
Trade embargo or sanctions	9	18	18	28	24
Nationalisation of assets	16	20	24	23	16
Strikes/major labour disruptions	10	14	38	26	11
Theft of intellectual property	17	21	27	23	9
Failure to honour contracts	21	34	24	15	4
Bribery and corruption	24	34	25	10	6
Abrupt change in policy/ruling party	21	36	26	12	4
War/major social unrest	16	26	26	21	10
Terrorism	16	27	18	26	11
Stability of political regime in host countries	24	36	28	6	5
Economic problems in host countries	23	34	28	11	3

Source Economist Intelligence Unit Survey

want to give them autonomy but keep them under their control. With limited autonomy for decision-making, institutions in emerging economies tend to become the orderlies or handmaids of the political bosses and hence they make ad hoc decisions that vary with the nature of their bosses and the variety of influences on them. It is no wonder that foreign investors are more concerned about the stability of governance and policies than any other factors.

In this context, it would also be appropriate to reflect on what the respondents consider the least risky factors. The lowest scoring factor is "Strikes and labour-disruptions" (24 %). Though the labor laws and the trade-union activities are to a large extent controlled by the government and the political parties, the companies may be confident of keeping the labor satisfied under their employee-welfare-oriented practices, which are largely under their own control. The second lowest scoring factor is "Trade embargoes and sanctions" (27 %), which are not feared, as they are likely to be quite infrequent. Besides, globalization and WTO are here to stay and hence there could be nothing to worry in the medium term. The overall perception seems to be that the internal institutional environment is riskier than the external/international environment.

1.3 Unclear and Inconsistent Policies

As noted in the subsection above, underdeveloped institutions can be both a cause as well as an effect of unclear and/or inconsistent policies. Researchers have observed that the absence of public policies that ensure rule of law for peaceful coexistence and sustainable development is the cause of poverty and poor entrepreneurship in developing countries (Mbaku 2013). Well-designed policies, particularly focusing on driving entrepreneurship, are also able to trigger economic recovery after a recession (Ogbolu and Singh 2012). Government policies can have an impact on entrepreneurship in several ways, such as: by inculcating entrepreneurial values in the society, promoting capital markets, changing management practices of the firm, especially by creating marketing orientation and providing incentives for growth (Shariff et al. 2010; Rante and Warokka 2013). In other words, the government polices do not directly influence entrepreneurship; instead they indirectly influence it by developing strong institutions that enforce law and regulations for the smooth operation of entrepreneurs and their firms (Tende 2013).

While the importance of appropriate and consistent policies is widely recognized, entrepreneurship in the transition economies often happens under weak policies and informal institutions and hence they have to depend more on social institutions and trust among the network members (Xheneti and Smallbone 2008). In such an environment, firms have serious limitations in contributing to the economic development of the country, as they do not get any institutional support in dealing with the changes in the national as well as international economy (Smallbone and Welter 2001).

One of the reasons for polices to be unclear and inconsistent in emerging economies, as mentioned above, is the underdeveloped institutions and poor resource support systems for creating strong institutions and implementing policies consistently (Onifade 2010). Additionally, there is an issue that these economies follow a procyclic approach to the different trends in the economy. This means that the public spending increases during economic boom and reduces during recession. Similarly, the tax rates are increased during recession, which adds to the burden on the economy and depresses it further, but reduced only during boom periods (Caudra and Horacio 2007). Developed economies, on the other hand, adopt countercyclic policies to manage their affairs during the positive and negative turns of the economy. This means that their governments enhance their revenues by collecting higher taxes during boom periods and saving for the bad times to support their people with these savings, besides helping them by reducing taxes in recessions. In other words, the correlation between government spending and GDP is positive in the case of developing economies, whereas the correlation is negative for developed economies (The Economist 2013). While it is logical to follow a policy of "saving for the rainy day", emerging economies are not able to adopt the "counter-cyclic" policies because of the poor institutional quality in the country, characterized by the pressures created by political parties and unfriendly capital markets that force the governments to go into a "booty-sharing" mode during boom periods and tax the people for their requirements during adverse periods (The Economist 2013). However, there are indications that the developing economies are slowly realizing their mistakes and are adopting the countercyclic approach to deal with economic vicissitudes, especially since the early 2000 when a series of bankruptcies and crises shook the globalized business world (Frankel et al. 2013).

In the absence of policy and institutional support in developing countries, there could be far greater impact for other issues on the economy, such as: information asymmetry, illiquidity, greater exposure to supply shocks in general and trade volatility in particular, lower credibility with respect to both price stability and default risk, etc. (Frankel et al. 2013). The supply shocks mentioned above could be external (related to the global economy and trade) or internal (related to domestic economic conditions). Besides, weak policy structures also encourage informal (hidden) entrepreneurship, which could be a burden on the economy, as they use the resources without having to pay for them or remit any taxes on the revenues (Williams and Nadin 2012). Moreover, the weak governance and institutional environment are often seen as the fertile ground for corruption, misreporting, and nontransparent transactions (Braguinsky and Mityakov 2013), which would adversely affect the resilience and growth of the economy (The Economist 2013).

The institutional and policy environment of a country would be largely dependent on the roles that the government plays, which would be different in different emerging economies. For example, in China the government plays a regulatory and supportive role, whereas in India it is participatory (Kshetri and Dholakia 2011). Whatever be the nature of the roles, it is the government that frames polices, about infrastructure development, institutional reforms, and innovation promotion (Onifade 2010), besides making the laws governing all sectors of the society

including the business sector (Teal et al. 2011). While the government can and do regulate the business activities in a country, it may not be very effective in promoting it; the major push for the latter will have to come from the business orientation and capabilities of entrepreneurial individuals (Yiu et al. 2005).

To conclude this subsection, it would be useful (especially for policy-makers) to have a summary of the major research findings on this subject, which is provided below:

- Government policies should not only focus on fostering economic development but also on the social inclusion and development (Hall et al. 2012). This would help the country to develop as a whole instead of restricting development to a few wealthy and powerful sections of the society. Inclusive development is more sustainable in the long run, as it would ensure collective efforts to support economic development. While policies cannot be a fool-proof instrument for avoiding failures, they can reduce the impact of failures as well as create systems that incubate success for entrepreneurs (Lee et al. 2013).
- The IPR (Intellectual Property Right) policy and competition policy have a great influence on the choice of entrepreneurship. If the legal system of a country is geared up for protecting IPR, it would encourage collaborative ventures between EE companies and those from developed countries; on the other hand, legal and policy environment that promotes competition would create a culture of innovation among entrepreneurs (Gans and Persson 2012).
- Localization of policy-making or the creation of region-specific polices, as in Germany, Spain, and the U.S., instead of adopting a centralized approach to it, could drive innovativeness, competitiveness, growth, and a culture that is conducive to entrepreneurship (Grimm 2011; Sternberg 2012; Sobel et al. 2013).
- Polices that support innovative startups, by raising residual claims (giving a larger share of the payoffs from innovations to the innovators) and reducing the risks of innovations, would stimulate innovation-based firms and ventures which would be the real contributors to economic development (Michael and Pearce 2009). It is not the number of entrepreneurs that facilitate economic growth; instead, it is the high growth ventures that are real contributors to innovativeness, job creation, and wealth generation. Hence, the government should chart out polices that incentivizes innovative entrepreneurs with high growth potential than the ones with low growth potential (Shane 2009). However, policies that encourage entrepreneurship and innovation, in general, (irrespective of their growth-prospects) are particularly useful during an economic downturn, as they would support the state of the economy by reducing the rate of unemployment (HBR 2012).
- There is often a tendency to equate entrepreneurship with micro, small and medium enterprises (MSME), and hence the belief that the MSME policies of a country are the only ones having an impact on entrepreneurship. Nothing is farther from truth—entrepreneurship is influenced by a host of other policies, such as the ones on general regulation, trade, labor, export-import, competition, taxation, regional development, socio-cultural norms, gender, diversity, IPR, FDI, bankruptcy, and so on (Jahanshahi et al. 2011; Lee et al. 2013). A study

conducted in India has highlighted the need for an integrated approach toward all these policies (Jahanshahi et al. 2011). In their eagerness to support entrepreneurship, governments of emerging economies sometimes tend to be overprotective, which would be counterproductive and can make people less enterprising, and reduce their motivation for growth and development through innovation (Bilas et al. 2011).

- While the inadequacies of policies can provide opportunities to entrepreneurs to fill the void, there is also a danger of a flourishing sector of informal or hidden entrepreneurship, which may be harmful to the economy and should be dealt with (Williams and Nadin 2012)
- Among the several reasons for policy-failures in emerging economies, one of them is the failure to make local adaptation of successful policies borrowed from developed countries, which could be due to lack of resources (Scott and Jensen 2008). Besides, there is constant pressure on the political system to show results in the short term and hence they tend to neglect the long-term measures, which leads to suboptimal performance in the long run (Huggins and Williams 2011). Last but not the least, the various political and social pressures operating in emerging economies tend to make the policy statements and implementation procedures rather complex, giving ample room for corruption and manipulation, which is also a reason for policy-failures in emerging economies (OECD 2013).
- Researchers have also made several recommendations on policy reforms for encouraging productive (market-based) entrepreneurship and/or discouraging unproductive (political and legal) entrepreneurship. One such set of recommendations made by Sobel (2008 p. 652) is listed below:

1. Reducing or eliminating state personal and corporate income taxes.
2. Reducing or eliminating state turnover or business and occupation taxes.
3. Workers compensation reform (privatization, damage caps, rule enforcement).
4. Medical malpractice reform (privatization, damage caps, rule enforcement).
5. Judicial reform (eliminating partisan elections for state courts, liability limits).
6. Eliminating state minimum and maximum price and wage limits and restrictions.
7. Reducing occupational licensing restrictions (and enacting right-to-work laws).
8. Constitutional limits on eminent domain and environmental property takings.
9. Reducing government ownership of productive resources (e.g., land holdings).
10. Broad reductions in government employment, expenditures, and levels of taxation.
11. Broadly applied, simplified tax codes that reduce the ability of groups to lobby for specific exemptions, credits, and rate reductions.
12. Reduce the returns to lobbying by eliminating state "budget digests" and other forms of pork-barrel legislation that use state money to fund local pet projects.
13. Increased use of market-based reforms such as medical savings accounts, school vouchers, and privatized retirement funds.

1.4 Inadequate Governance

The government of a country naturally has an influence on the entrepreneurial activities in the country. The laws and regulations made by the government will affect all facets of life in a country including the way people live, the property they own, the goods they purchase, the taxes they pay, the occupations they take up, and so on. Obviously, these will have an influence on entrepreneurship both at the macro and micro levels, the former with respect to the creation of an entrepreneurial culture and the latter to providing operational support to entrepreneurs (Lerner and Sahlman 2012). The macrolevel policies of the government directed toward creating employment, increasing economic prosperity, managing recession, and developing regional competitiveness would naturally stimulate entrepreneurship (Huggins and Williams 2011; Hall et al. 2012). The micro-level influences of such policies will be seen in the decisions of individuals with respect to self-employment (Román et al. 2013), commercialization of innovations (Gans and Persson 2012), entry of women into entrepreneurship (Bădulescu and Borza 2012), and so on. Governance structures and policy environment will differentiate countries in terms of their entrepreneurship potential as well as outcomes (Xheneti and Smallbone 2008).

In order to create integrated policies for supporting the development of entrepreneurship in a country, governments and policy leaders should focus on four important goals (Kanter 2012), namely:

1. Linking knowledge creation to venture creation to speed up the conversion of ideas into market-ready enterprises.
2. Linking small and large enterprises to promote the growth of younger companies and revitalize large corporations through partnership with innovative SMEs.
3. Improving the match between education and employment opportunities, through apprenticeship programs and other education–industry links.
4. Linking leaders across sectors to develop regional strategies and produce scalable models to create an ecosystem that facilitates entrepreneurship.

In other words, the governments should facilitate collaboration/partnerships among various entities in the society, such as the R&D institutions and enterprises, small/medium and large enterprises, educational institutions and industrial organizations, and so on. Besides, there has to be proper integration of policy formulation and implementation (Sternberg 2012; Jahanshahi 2011). For example, even if a country has a good policy of protecting the intellectual property, it will not help innovators if the legal system is weak in implementing it. Similarly, the IPR policies should provide for the realization of higher profits at a faster pace without long time-lags (Michael and Pearce 2009). A similar observation was made by Tende (2013) in a Nigerian study, where the well-formulated credit-policies became ineffective for want of a strong legal system to support them.

Improving governance is a priority in most of the emerging economies, as good governance is a major facilitating factor for entrepreneurship and economic development. Researchers have observed that an effective way to improve governance is

to have public information systems that not only catalogs the various policies and regulations of national, provincial, and local governments, but also gives details on the implementation procedures involving licenses, compliances, and jurisdictions (Chi and Sun 2013). In other words, policies and regulations should get disseminated to the local levels and the implementation system and machinery should be strengthened (Grimm 2011; Sternberg 2012; Jahanshahi 2011). The importance of strengthening the implementation of policies is also highlighted by an OECD report (OECD 2013), where they identify the following three steps as critical for maintaining an effective policy environment that can support and promote entrepreneurship:

1. Properly deliberated and clearly written down legislation and regulations for implementation.
2. Greater use of performance-oriented management in public administration.
3. Streamlining of the judicial system, with special emphasis on reducing incentives to procrastination.

Governance issues in developing economies have been a focus of researchers' attention in recent times. The salient findings in this regard are briefly outlined below.

1. Developing economies, in their anxiety to catch up quickly with the advanced nations, have a tendency to copy the successful polices of the latter. Since the policies are not internalized and adapted to the local conditions, their implementation becomes difficult. Shortage of resources in developing economies add to the difficulties in implementing the "borrowed" policies, and finally lead to failure of polices in accelerating entrepreneurship (Scott and Jensen 2008).
2. With the presence of large sections of people in developing economies, whose basic needs are not met, governmental policies often tend to be crowded with subsidies, which provides support mainly to firms with low growth potential (Mason and Brown 2013). Since it is the high growth entrepreneurs who contribute to economic growth in real terms (Wong et al. 2005), the subsidy-regime fails to promote economic growth. The small and micro entrepreneurs, sustained by subsidies do not contribute to wealth creation of a nation in a meaningful way (Wennekers et al. 2005), although their own self-employment is a relief to the economy.
3. The subsidies and assistance schemes make entrepreneurship in developing economies dependent on government as well as necessitate a large number of procedures for managing the system, In order to extract the support and subsidies from the bureaucracy, entrepreneurs often adopt the easy route of paying bribes, which is euphemistically termed as "greasing the wheel". Though the immediate needs of the entrepreneur gets satisfied by this system, it kills the competency-based entrepreneurship and often gives rise to destructive entrepreneurship (Baumol 1996).
4. Governmental support in developing economies is focused on promoting success and ignores the need for dealing with failures. For the ventures supported by the subsidies and grants, this can create a casual attitude toward failure, as the

entrepreneurs do not lose much in case of a failure. For the unsupported entrepreneurs, the lack of support in case of failures would create a fear of failure and hence they would hesitate to try creating ventures (Lee et al. 2013).

5. One of the ways in which entrepreneurship can be stimulated in a country is by attracting foreign investments and promoting joint ventures with reputed foreign companies. Wills and Gint (2000) provide a framework for the role of government in foreign investment promotion and attraction.

    a. Policy advocacy: Facilitating business and economic environment with a special focus on the factors attractive to foreign investors.
    b. Image building: Promotion and marketing activities such as advertising, event participation, and conducting information briefing sessions with a view to enhancing the international business friendly image of the country.
    c. Investment attraction (or generation): Identifying and publishing new investment leads.
    d. Investor facilitation and servicing: Providing investor support services such as information dissemination, assistance with overcoming regulatory and other administrative hurdles, arranging site visits, and introducing investors to potential business partners, etc.

The bleak scenario being discovered by researchers would suggest that there would be less number of entrepreneurs in developing economies compared to the developed ones. However, the GEM (Global Entrepreneurship Monitor) studies have reported that there are more entrepreneurs in developing countries than in the developed countries and a few of them are high growth entrepreneurs (Reynolds et al. 2004). One of the reasons for this counterintuitive phenomenon could be the presence of large number of necessity-based entrepreneurs (who are on their own because of the high rates of unemployment). Another reason could be that entrepreneurs spread their resources across several businesses in related areas to mitigate the policy inadequacies (Lingelbach et al. 2005), thus creating more number of low-growth ventures. There is also a possibility that a few ventures are created for filling the institutional voids created by government inaction (Ahlstrom and Bruton 2006). The overall finding on the impact of government policies on entrepreneurship in emerging economies is that it is relatively low and mobilizes entrepreneurial resources in unanticipated directions. The primary impetus for venture creation is not from government actions but from the business orientation and capabilities of entrepreneurs (Yiu et al. 2005).

1.5 Disjointed Infrastructure

Infrastructure of a country comprises the facilities that help the citizens to lead a comfortable and enlightened life as well as enable the movement of people and goods and facilitate communication within and outside the country. These include the facilities such as housing, water supply and sewerage; power plants grids and

other energy generation and distribution systems; hospitals and other healthcare systems; schools, colleges, universities, training institutions, and higher education institutions; roads, bridges, and highways; railways, harbors and airports; telephones, Internet, and other communication systems; and so on. Obviously, this is a very complex system, where every constituent has to be coordinated with the others. One of the major problems in emerging economies is the poor quality and disjointed functioning of these facilities. As the quality of these facilities and institutions is indicative of the level of development achieved by a country, there is a strong focus on these in most of the developing countries, as may be inferred from the listing of a few infrastructure project details in Exhibits 1.2 and 1.3.

The large-scale increase expected in demand for and investments in infrastructure in emerging economies highlights the current inadequacies as well as the potential for growth in this sector. The infrastructural inadequacies of emerging economies have been brought out in a study of 144 countries (WEF 2012a), where the emerging economy countries have been rated quite low by corporate executives on the transport, telecommunications, and energy infrastructure. The lack of sophisticated infrastructure will have adverse impact not only on the business activities within the country but also on the international trade and other activities abroad (Ngwenyama and Morawczynski 2009). A study of the transportation infrastructure has shown that its quality will have a direct impact on the transaction costs for the operators in the country as well as for their customers (Pheng and Giang 2012).

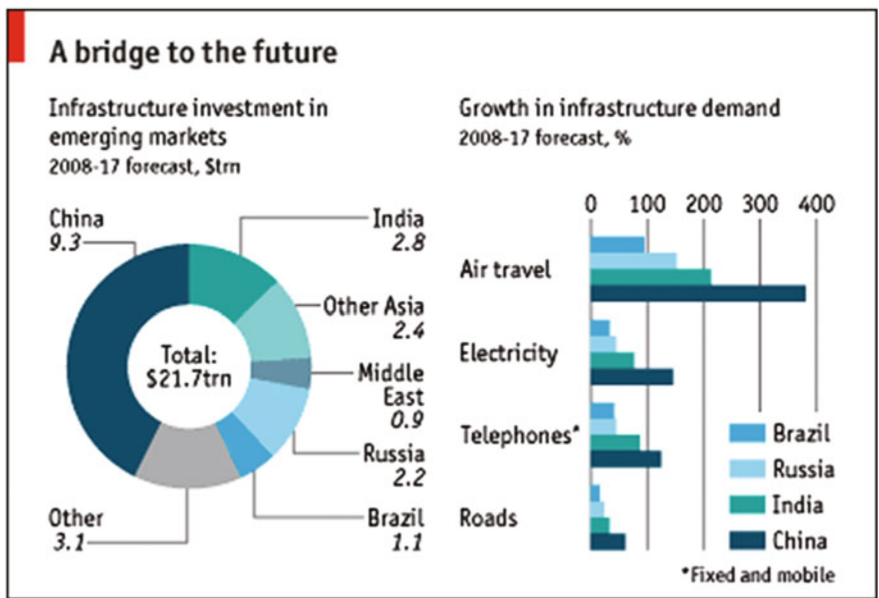
It is also pointed out that the growth of the infrastructure sector would offer tremendous opportunities for entrepreneurs, as the governments in these countries are not able to execute these projects without private sector participation right from the planning stage to the execution (Ngwenyama and Morawczynski 2009). In fact, developing countries often use government and public sector investments in infrastructure as a stimulant to attract private sector investments into this critical area (Spechler 2011). While the direct actions by the government are necessary in the early stages of infrastructure development, the more effective method in the later stages would be the strengthening of market institutions (Iyer et al. 2012), which in turn would attract private players to the sector. The market mechanism in infrastructure development helps in getting it constantly adjusted to the business needs

Exhibit 1.2 Infrastructure projects in a few emerging economy nations

• Russia has committed an investment of US$400bn on 304 infrastructure projects to be completed by 2015, and of US $300bn on railways to be completed by 2030
• India has launched a US$44bn national highway development project, with a target of building 22 km of new roads every day
• In 2009 alone, Mexico built or made repairs to 8,500 km of highways
• China has initiated a railway project with a projected length of 42,000 km

Source Macquarie 2011

Exhibit 1.3 Infrastructure investments in four major areas in emerging economies



Source The Economist (2008)

within and outside the country and thus making it suitable for the emerging needs of the business (Pheng 2012). On the other hand, these projects are also expected to contribute to pollution and global warming, and hence may come under pressure for slow down (The Economist 2008). While the infrastructure projects themselves would offer opportunities to entrepreneurs, this is not the only support they provide to entrepreneurship. As mentioned above, the quality of infrastructure will have a great impact on the performance of other businesses and on the overall economic development of the country.

The importance of infrastructure for the development of innovative entrepreneurial ventures in a country has been brought out by many studies including the multi-country research project, Global Entrepreneurship Monitor (Xavier et al. 2013). According to this report, among the nine key entrepreneurial framework conditions (EFCs), it is the physical and legal–commercial infrastructures that facilitate the development of other EFCs. Physical infrastructure consisting of physical resources, communication systems, utilities, transportation, land, built-up space, etc. should be accessible to all businesses including new and small ventures at affordable prices. Similarly, commercial and legal infrastructure consisting of legal rights to property, commercial, accounting, legal, and assessment services as well as institutions that support or promote new ventures should be fair and accessible. In this context, one cannot overemphasize the facilitation offered to new and small ventures by the communication technologies based on ICT, as they

significantly enhance the reach and speed of access and enable cost-savings (Meddour et al. 2011), especially because of the versatility of these technologies and the possibility of putting them to multiple uses (Liu and Nath 2012; Suh and Boggs 2011), particularly for the development of scientific infrastructure based on research and development (Alemu 2013).

It is obvious that there are wide variations among emerging economies in the level and quality of their infrastructure. As it may be observed from Exhibit 1.3 above, China shows the maximum potential both in terms of the demand as well as the investment plans—and may also face more issues about the pollution and other environmental issues. Other studies have also highlighted such differences. For example, Prater et al. (2009) have observed that while China has strong transportation and telecommunications infrastructure, India leads in terms of the softer types of infrastructure such as skilled labor for supporting information technology (IT) and complex manufacturing-based operations, and goes on to suggest that India has a very good opportunity to be a support service provider for the rest of the world.

The case of poorer countries in the group would be still different—a country like Nigeria, for example, although having abundant oil resources, will need to initiate sustained policy reforms, improved governance, and public–private investments in social, human, and physical infrastructure to make full use of its resources (Oshikoya 2008). In other words, it has to address the entire institutional environment including the infrastructure. Basically it is a question of supporting the physical and communication infrastructure with the human and social infrastructure (Bruton et al. 2007; Khanna and Palepu 1999), so that people are capable of making good use of the available infrastructure. It is therefore important to lubricate the physical infrastructure with the social connectivity (networks) for its smooth functioning (Purdy et al. 2011; Bentlage et al. 2013) and the development of the psychological and social capital of the citizens (Newman et al. 2013), the absence of which, along with the problems of low levels of coordination and synchronization, could be a major reason for the infrastructure in emerging economies to remain disjointed and jerky.

1.6 Limited Funding Options

Among the several options available for financing new ventures (such as personal funds, friends and family members, business angels, banks, microfinance lenders, development finance institutions, venture capitalists, etc.), entrepreneurs tend to rely mostly on personal funds, especially in emerging economies (Porter and Spriggs 2013). For example, the Global Entrepreneurship Monitor (GEM) study in India showed that about 68 % of new ventures relay on personal funds for startup (Manimala 2002).

The greater preference for personal funds in developing countries is apparently not only because of the limited availability of external funding but also because of the apprehensions about being able to service the external funds and the fear of

losing control and ownership. Notwithstanding this, it is a fact that external funding options for entrepreneurial ventures are limited in emerging economies, although the ventures need it very much especially at the growth phase (Butler and Cornaggia 2011; Bittencourt 2012). In fact, unlike the firms in developed countries, firms in emerging economies prefer to rely on internal funding even at the growth phase (Bena and Ondko 2012), which adversely affects their growth and performance. Here too, it is the absence of well-developed institutions that support a competitive banking structure and credit information availability that impedes the use of external funding by entrepreneurs (Beck and Demirguc-Kunt 2006). The limited use of external funding in developing countries is often serviced by bank funds, development finance, microfinance, and to a lesser extent by business angels and venture capitalists (O'Donnell et al. 2013).

1.6.1 Bank Finance

Banks are the principal source of finance for SMEs in emerging economies, particularly in the early-stage of venture creation and growth (Mallick et al. 2010; Rahaman 2011; Allison et al. 2013), although it is an inappropriate source of funding in the early stage. Bank finance in early stages would constrain the cash-flow of the fledgling venture, as it has to constantly worry about the payment of interest rather than investments in innovation and growth (Jeng and Wells 2000; Lingelbach 2013). "Patient" investments by way of equity participation would be the ideal type of external finance for new ventures in the early stages of their development. In spite of this, SMEs in emerging economies have to depend on banks for external funding, as the other external sources are underdeveloped; alternatively, they would use informal sources such as moneylenders, who have industry-specific specializations and are easy to access (Beck et al. 2013). Informal sources are also preferred because of the limited availability of formal credit, institutional inadequacies of regulation and enforcement, political and economic segmentation of the markets, and the weaknesses of the microfinance programs (Tsai 2004).

While bank finance is the most popular external source of funding for entrepreneurial ventures in emerging economies, it has its share of problems on account of various constraints specific to these countries. Governments in these countries often fail to develop policies that create interbank competition, legal and institution-level safeguards for financial transactions, and equality of access to finance (Gimet and Lagoarde-Segot 2011). Studies conducted in India have highlighted a few additional issues relating to bank finance for SMEs, such as the tardy development of the banking sector, with inadequate coverage of branches in many localities (Kendall 2012) and the inability and even unwillingness of banks to finance the vulnerable segments (Sonne 2012). There could also be an element of unwillingness on the part of entrepreneurs to avail of bank finance because the bankruptcy laws in emerging economies are generally unfriendly to the enterprises (Peng et al. 2010).

Besides, in many of these countries, the banks are in the public sector, which may help in improving the coverage, but may lead to red-tapism and inefficiency (Cooray 2011).

The performance of banks in a country both in terms of breadth and depth—that is, the number of branches, accounts per capita, and deposits as a proportion to GDP (Demirguc-Kunt et al. 2011)—is observed to have an impact on the efficiency of its capital allocation, access to funds by entrepreneurs, growth of its enterprises, and the general economic development (Fiordelisi and Molyneux 2010). In order to enhance the performance of banks, it is necessary for governments in emerging economies to have a financial policy that incorporates financial liberalization, transparency, and regulation (Cubillas and González 2014).

1.6.2 Business Angels

The Committee on Angel Investments, Government of India (Planning Commission 2012, p. 6) defines an angel investor as "an individual who invests his own money directly in a seed-stage venture in which there is no family connection". As this committee was set up for assessing the regulatory constraints for angel investors and incentivizing their operations—by providing tax credits, liberal exit options, stiffer regulatory norms, etc., as laid down by the Securities and Exchange Board of India (SEBI 2012)—it further elaborates on the definition and delineates the boundaries so as to identify the angels that deserve to be promoted. The limit of investment prescribed is INR 50 million for an individual angel and INR 100 million for an informal group acting as an investor. Another important criterion is that the investment should be in a seed-stage venture, which is defined as a less than 3 year-old unlisted company, having a turnover of less than INR 250 million, and not belonging to a large industrial group (having INR 3,000 million or more as the group's turnover). All the limits prescribed are inflation-adjusted and therefore will change with economic conditions.

The special focus on angel investors is justified because it is often treated as an indication of economic development. For example, the total number of angel investment in India in 2011 was around 50 with a total investment of about USD 20 million, while in Canada it was USD 390 million; similarly, the proportion of angel investments in seed-stage funding in India is about 7 %, whereas in the USA it is as high as 75 % (Planning Commission 2012). The target of the Planning Commission (2012) is to raise the angel investments in India to the level of USD 700 million/year within about 10 years, which according to them is the level required for supporting entrepreneurship in a developed economy.

The plight of the other developing countries is also similar, as is revealed in a 4-nation study (covering Vietnam, Thailand, Indonesia, and the Philippines) by Scheela and Jittrapanun (2012). Many of the emerging economy nations realize the importance of angel investments for high-potential ventures, as the angels not only bring money but also provide supervision, mentorship, and access to

business-related networks. The main problem, however, is that there is a shortage of angel investment, which is partly due to the lack of fully developed legal and financial institutions needed to support such investors (Scheela and Jittrapanun 2012; Scheela and Isidro 2009). This view is also supported by the finding of Zheng et al. (2012) that high levels of underinvestment and contracting costs combined with weak institutions (legal, political, financial, and economic) would lead to a preference for short-term funds over long-term ones such as angel funds or venture capital.

The quality of the institutional environment (as indicated by business corruption, property rights protection, trustworthiness of politicians, stock-market stability, and soundness of the banking system) has an impact on the immediate environment for startups (comprising venture capital, informal sector activities, protection of minority shareholders, time to start a business and access to loans), as pointed out in the *World Competitiveness Report* (Lopez-Claros et al. 2006). Both these types of environment have much lower ranks for emerging economies compared to the developed ones and therefore adversely affect the angel investment activities (Scheela and Jittrapanun 2012). An oft-repeated solution is to educate the entrepreneurs as well as the policy-makers (Lerner 2009; Lerner et al. 2012), which is possibly too general and too vague for any immediate practical benefit.

1.6.3 Venture Capital

Though the first venture capital company was founded in the USA as early as in 1946, this system of venture funding became popular during the period of 1995–2000 when the industry was undergoing a transformation from being capital intensive to being knowledge intensive (Jungman et al. 2004). New ventures with high growth potential need large amounts of investments as well as proper guidance and mentoring. The traditional sources of large external funds such as pension funds, insurance companies, and money managers are neither interested nor capable of providing such guidance and mentoring, which led to the emergence of the venture capitalist (VC) who, unlike the traditional fund-providers, are “active investors” (Jensen 1989; Jeng and Wells 2000). The idea of venture capital is now slowly spreading into emerging economies, where it has undergone some changes in its operational efficiencies due to the institutional environment prevailing in these countries (Ahlstrom and Bruton 2006). Findings of a few research studies in this regard are briefly outlined below:

- Venture capitalists emerged in developed countries in the private sector as a response to the needs of entrepreneurial ventures. However, in developing countries, the initiative often came from the public agencies, and therefore most of the VC firms emerged as public–private partnerships (Lingelbach 2013).
- Among the various stages of development in the life of a venture (prestage, startup or early stage, and late stage), VCs in developed countries support them

from the startup stage itself, whereas in developing countries VC funds are focused mostly on the late stage (Jeng and Wells 2000; Ahlstrom and Bruton, 2006; de Lima Ribeiro et al. 2008). Large and active investors available in the pre and early stages can have a tremendous impact on the firm's R&D activities and innovativeness (Ayodeji 2012). Firms in emerging economies tend to miss out on these benefits, as they get the VC funds only in the late stage (Ahlstrom and Bruton 2006; Lingelbach 2013). In fact, the VC funds in emerging economies are used for ventures based on secondary technologies rather than for developing innovative new technologies (Knight 1994), which is the practice in developed countries.

- Unlike in developed countries where the market conditions and the strength of the formal institutions guide the venture capital decisions, the dominant considerations for such decisions in emerging economies are the personal relationships as well as the informal networks (Salehizadeh 2005; Zhang and Poh-Kam 2008; Imamuddin 2009; Khanin et al. 2012)—and VCs often try to develop relationships with the family members and relatives of the entrepreneurs (The Economist 2004). All these are being reinforced by a relationship-oriented culture in developing countries as against the performance-oriented culture in developed countries (Imamuddin 2009). Besides, the high levels of cultural traits such as uncertainty avoidance, collectivism, power-distance, and masculinity, which are observed to be the characteristics of emerging economies, tend to promote the use of more short-term debt as against the longer term equity participation (Zheng et al. 2012). As a consequence of such personal considerations, the control and monitoring by the VCs in emerging economies become lenient and nonprofessional (Karsai et al. 1997), which is aggravated by the culture in developing countries of not accepting outsider controls (Naqi and Hettihewa 2007). Besides they may also be too generous and over-optimistic and give the ventures more than what is needed, which may lead to careless and wasteful spending on the part of the ventures (Khanin et al. 2012).
- The institutional environment in emerging economies is often characterized as ambiguous and inefficient in protecting the interest of the investors (Peng 2001). The inadequacies of the institutional environment, especially the wide-spread corruption and the lack of enforceable accounting standards, legal support, and information dissemination, can also have an adverse impact on the performance of the firms (Hoang and Antoncic 2003). Hence the investors hesitate to take risks in selecting candidates with potential for innovation and growth (Meyer 2001; Bruton and Ahlstrom 2003; Pruthi et al. 2003). VCs therefore would use their network connections to safeguard themselves rather than make use of professional management systems or institutional remedies (Hoang and Antoncic 2003).

Financing of new ventures in emerging economies have to go a long way to catch up with the professional systems in the developed countries. In the present scenario, it is the personal relationships and informal networks that guide the financing decisions in emerging economies. There are also a few cultural features and weaknesses in the institutional environment that make it safer and more

expedient for entrepreneurs to rely on internal/personal funds and short-term external funds in the early stages of their ventures. This, however, has an unhealthy consequence that entrepreneurs are not able to focus on the development of new technologies or innovative and growth-oriented venture.

1.7 Inhibiting Culture

Culture influences values, attitudes, and beliefs of the people in a society (Hofstede 1980). While the economic, political, and legal environment of a country is known to influence entrepreneurship, it is the culture that ensures the availability of an "adequate pool of entrepreneurially oriented individuals" (Mueller and Thomas 2001, p. 69). The influence of culture is so powerful that in countries like India, women entrepreneurs experience business satisfaction not so much from its financial performance but from the family support that is given to the entrepreneur (Prasad et al. 2011). "It is culture that serves as the conductor, and the entrepreneur as the catalyst (to entrepreneurship)" (Berger 1991, p. 122).

The need to bring about cultural changes for promoting entrepreneurship was highlighted as early as in the 1950s, when Parson and Smelser (1956) suggested that dramatic cultural change is required to achieve economic growth particularly in poor countries. This is because the level of restrictions imposed by social institutions on the market will decide the allocation of resources to it (McClelland 1965). The ideal market morality should shift "individual loyalties to generalized others" (McClelland 1965, pp. 194–196). Individuals should innovate to benefit the society and not primarily for creating wealth for themselves, which would make innovation and entrepreneurship respectable and culturally supported.

Linkages between a society's beliefs and its entrepreneurial initiatives have been demonstrated by several scholars (see, for example, Weber 1978; McClelland 1965; Sapienza et al. 2006). Weber (1978) proposed that the foundation of a capitalist society based on entrepreneurial behavior of individuals is the "Protestant Ethic"; McClelland (1965) believed that entrepreneurship is deeply rooted in the cultural orientation of "achievement" instilled in the individual by the nursery rhymes and stories; Sapienza et al. (2006) found that the economic growth of a society is governed by three preferences namely: (1) Political preference, (2) Economic preference, and (3) Religious preference (prior beliefs).

There are broadly two functions of entrepreneurship, one is to innovate (create break-through ideas) and the other is to mobilize the resources required to implement the innovation. According to Tiessen (1997), these two functions require different orientations. The former requires an individualistic orientation since it depends on the creativity and initiative of individuals, whereas the latter requires a collectivist orientation since it leverages resources using internal and external ties (the social-exchange approach). Firms in developed economies (except for Japan) have a predominantly individualistic culture and therefore mobilize their resources by contractual agreements, performance-based incentives, and venture capital

agreements (the market-approach). Firms in emerging economies generally operate in collectivistic cultures, where it is more appropriate to use their social networks to procure their resources.

Apparently, the collectivistic culture fails to promote innovation, which may be the reason why emerging economies are slow on innovation and often borrow the innovative ideas from the developed economies to build their business. Of the two functions of entrepreneurs, that is, idea generation (innovation) and resource mobilization (for implementation), the former is apparently more critical than the latter, as there is an alternative for the latter—innovators could use the "market-approach" in place of the "social-exchange" approach for resource mobilization. It is therefore not surprising that the developed economies are stronger on innovation and entrepreneurship compared to emerging economies (Tiessen 1997).

Among the various functions of business that the culture of an economy would influence, the choice of finance that they choose for their business between market financing (equity) and bank financing depends on the power distance in a country. Economies with a culture characterized by higher levels of power distance, concentration in equity markets, control of corruption, and efficiency of debt enforcement would choose market financing over bank financing for their capital requirements. On the other hand, the economies with the culture of greater uncertainty avoidance, and greater political legitimacy would choose bank financing over equity-financing (Aggarwal and Goodell 2010).

In one of the pioneering studies on the cultural differences among nations, Hofstede (1980) identified four dimensions of culture, namely: (1) individualism–collectivism (that is, the degree to which individuals are integrated into the groups), (2) masculinity–femininity (that is, competitive achievement vs. collaborative nurturance), (3) power–distance (that is, acceptance that power is not distributed equally in the society); and (4) uncertainty avoidance (that is, preference for structured situations so as to minimize chance happenings) and later added a fifth dimension, (5) short-term versus long-term orientation. Subsequent researchers examined the relationship between these dimensions and various aspects of innovation and entrepreneurship.

Some examples of the research findings on the culture and entrepreneurship linkages are illustrative of the role of culture in influencing entrepreneurship. Countries with high power distance (where power is perceived as unequally distributed among individuals) have individuals with low innovative orientation (Yaveroglu and Donthu 2002). Countries with individualistic cultures have individuals with high internal locus of control (Mueller and Thomas 2001) and therefore an attitude of differentiation and uniqueness, which can support entrepreneurship (Aaker and Maheswaran 1997; Yaveroglu and Donthu 2002). Cultures with high uncertainty avoidance tend to develop individuals with low innovative quotients (Steenkamp et al. 1999). Similarly, countries like the USA, the UK, and Australia, with individualistic cultures and low uncertainty avoidance develop an innovative problem-solving style whereas countries like Japan, Finland, and Mexico with collectivist culture and high degree of uncertainty avoidance develop adaptive problem-solving style (Mueller and Thomas 2001).

While the above-mentioned studies have highlighted the impact of individualism and collectivism on entrepreneurship when acting in combination with other traits like uncertainty avoidance, some researchers have attempted to identify subcategories within individualism and collectivism. One such interesting categorization identifies "horizontal" and vertical subdimensions to individualism and collectivism (Singelis and Sharkey 1995). According to them:

- Vertical Individualism (VI) is the extent to which individuals strive to be distinct from one another and desire special status for each one;
- Horizontal Individualism (HI) is the extent to which individuals strive to be distinct from others without desiring any special status for themselves;
- Vertical Collectivism (VC) is the extent to which individuals emphasize interdependence within their groups but competition with out-groups.
- Horizontal Collectivism (HC) is the extent to which individuals emphasize interdependence within and across groups but do not submit easily to a single person's authority.

Research conducted by Maheswaran and Shavitt (2000) based on this subcategorization has brought out some interesting findings about entrepreneurship in different cultures. Vertically individualistic countries—like the USA, the UK, and France—have a culture dominated by competition. The individuals of such societies focus on distinguishing themselves from others and use entrepreneurship as the principal means of demonstrating their distinctive achievements. Horizontally, individualistic countries—like Sweden, Norway, and Australia—which value individual distinctiveness without any special status for each may have a relatively weak focus on individual entrepreneurship. Vertically collectivist societies like Japan, Korea, and India value intragroup collaboration and intergroup competition and therefore would be ideal for corporate or group-based entrepreneurship. The horizontally collectivist countries like Israel and Africa believe in interdependence and sociability (Maheswaran and Shavitt 2000).

With respect to the dimension of masculinity, it was observed that a high degree of masculinity was associated with a high degree of innovativeness potential of individuals and therefore with a greater degree of entrepreneurship (Hofstede 2001; Steenkamp et al. 1999). While "masculinity" as a personality characteristic is not the exclusive prerogative of males, the subtraits or values defining "masculinity" (such as competitiveness, aggressiveness, assertiveness, achievement orientation, materialism, ambition, power, etc) are more common among males than females, which is why the term "masculinity" is used for describing this cultural dimension. This may also explain why there are more males than females (roughly two-thirds to one-third) among entrepreneurs, which is a global phenomenon irrespective of the national culture or the state of the economy, as was observed by the Global Entrepreneurship Monitor studies (Xavier et al. 2013).

Trompenaars and Hampden-Turner (1997) studied cultures using the dimensions of people-orientation and task-orientation and found that it is this difference in orientations that explains the difference in the focus of firms (and their managers) of various countries toward the nature of their achievement. Firms that operated in

people-oriented cultures (e.g., the Netherlands, Japan, and Germany) have great concern for quality of products/services as well as the work-life of their people, whereas firms operating in task-oriented cultures (e.g., the US and the UK) are focused on financial outcomes in terms of profitability and return on investment (Harris and Carr 2008).

A second pair of dimensions that was investigated by Harris and Carr (2008) was the long- or short time-orientation, which is similar to Hofstede's (1980) classification of long-term and short-term orientation of individuals. Eastern and Northern European countries are concerned more about achievements beyond their lifetime, such as lasting relationships and family reputation. Hence, they invest more time for relationship management. On the other hand, Anglo-Saxon countries focus on quick financial returns and hence would like to achieve quick results in limited period of time (Harris and Carr 2008). The latter is likely to be seen as entrepreneurially more successful. As mentioned above, the original four cultural dimensions of Hofstede (1980) have been investigated for almost all the countries of the world. One such study (Aggarwal et al. 2012) has reported the average scores (out of 5) for these four dimensions in respect of ten culturally similar groupings of countries, which are reproduced in Table 1.3, along with a listing of the countries included in each of these cultural groups in the notes below the table. In general, one could say that innovative and entrepreneurially active countries are relatively high on individualism and masculinity, and low on power-distance and uncertainty avoidance, although there would be several exceptions which may be attributed largely to the different types of entrepreneurship. Though it is difficult to generalize about emerging economies, it may be noted that they have strengths in respect of some dimensions and weaknesses in respect of others. In order to appreciate this, readers may check the scores of the cultural groups of the BRIC countries (Brazil, Russia, India, and China), which are often treated as representatives of emerging economies. Although these four countries are classified under four different cultural groups (Brazil under Latin American, Russia under Eastern European, India under South Asian, and China under Confucian Asian), each of them has one or two appropriate scores (high or low depending on the dimension), which supports innovation and entrepreneurship whereas the inappropriate dimensions inhibit them. Culture in emerging economies is apparently performing an ambivalent role vis-à-vis innovation and entrepreneurship (Tiessen 1997).

If culture is a dominant influence on entrepreneurship and if all countries do not have the appropriate culture for stimulating entrepreneurship, then the question arises as to how a country can change its culture. While culture is relatively stable, it does change, although very slowly, especially because of intercultural interaction (Manimala 2008) and interventions in the learning system (Manimala et al. 2009). Hofstede's (2001, p. 12) model showing the antecedents and consequences of culture (see Fig. 1.1) points out the importance of outside influences on culture, a major part of which is the interaction with other cultures by way of trade, tourism, education, and even negative interactions like invasion and colonization. Aspirations for upward mobility is natural for human beings, whether it is about material welfare or cultural practices. Hence it is natural for people to pick up the better

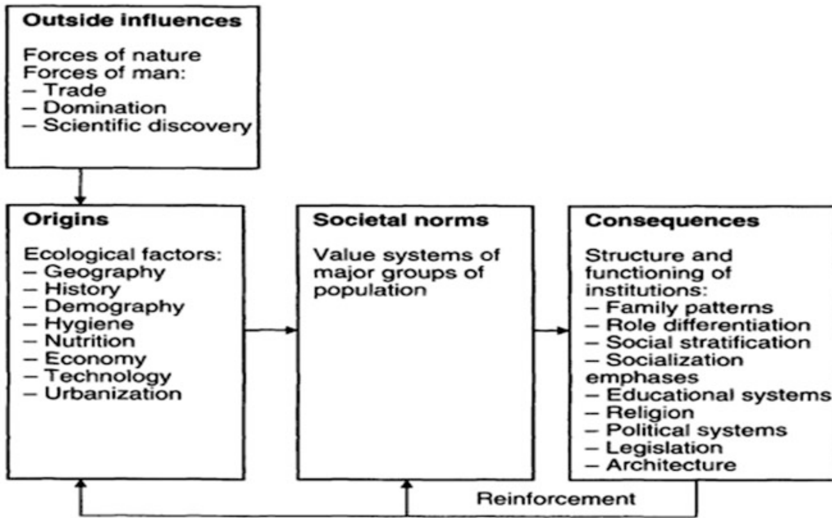
Table 1.3 Average scores on four cultural dimensions for ten clusters of national cultures

Cultural dimensions→ Groups of countries	Individualism	Masculinity	Power distance	Uncertainty avoidance
1. Anglo-Saxon	4.418	4.110	3.488	3.773
2. Confucian Asia	3.406	4.207	4.149	3.282
3. Eastern Europe	3.555	4.043	4.094	4.718
4. Germanic Europe	4.203	3.859	3.277	4.113
5. Latin America	3.356	4.079	4.181	4.394
6. Latin Europe	3.962	3.806	3.784	4.453
7. Middle East	3.611	3.807	4.190	4.443
8. Nordic Europe	4.237	2.549	3.270	3.523
9. South Asia	3.398	3.906	4.423	3.804
10. Sub-Saharan Africa	4.174	4.143	3.892	3.892

(*Source* Aggarwal et al. 2012)
The mean scores (with % range) of the cultural groupings are 3.83 (29 %) for individualism, 3.85 (60 %) for masculinity, 3.85 (33 %) for power distance; and 4.0 (40 %) for uncertainty avoidance. Countries included in the ten cultural groupings are as follows: (1) *Anglo-Saxon* includes Australia, Canada, Ireland, New Zealand, South Africa and the UK. (2) *Confucian Asian* includes China, Hong Kong, Japan, Singapore, South Korea and Taiwan. (3) *Eastern European* includes Albania, Georgia, Greece, Hungary, Kazakhstan, Poland, Russia and Slovenia. (4) *Germanic European* includes Austria, Germany, the Netherlands and Switzerland. (5) *Latin European* includes France, Israel, Italy, Portugal, Spain and Switzerland. (6) *Middle Eastern* includes Egypt, Kuwait, Morocco, Qatar and Turkey. (7) *Nordic European* includes Denmark, Finland and Sweden. (8) *South Asian* includes India, Indonesia, Iran, Malaysia, the Philippines and Thailand. (9) *Latin American* and (10) *Sub-Saharan African* countries are self-evident

features of other countries' economy or culture. Entrepreneurship (and all that promotes it including certain cultural practices) and the material welfare it brings with it has therefore become an aspirational issue for all societies.

From the table of correlations given in Fig. 1.1 it can be inferred that "limited good syndrome' most negatively affects economic growth since it assumes that the economy is a zero-sum game and creates opportunistic behavior which benefits the protagonist only in the short term, as the underlying assumption is that access to resources can be gained only at the expense of others (Marini 2004). Thus the indulgence in practices to benefit oneself shows low concern to societal ethics and advantage. According to Marini (2004), both achievement syndrome and trust syndrome are needed for economic growth. This finding of Marini is in line with Fukuyama's (2001) hypothesis that cultural traits that encourage individual motivation and activate social capital are both important for economic growth, since the former increases individual productivity and the latter creates trust as well as resources, which helps in reducing transaction cost and increasing market accessibility (Maridal 2013). The overall picture from the various studies discussed above is that there are inhibiting features to the culture of Emerging Economies as far as entrepreneurship is concerned. However, they are not insurmountable but are slowly undergoing a change.



Correlation coefficients between values to be transmitted to the next generation and economic growth (1960–1989) in 25 countries[a]

Values to be transmitted grouped by syndromes of economic culture	Correlation coefficients between value chosen by respondents and economic growth
Limited good syndrome	
Obedience	−0.68
Religious faith	−0.53
Tolerance	−0.43
Good manners	−0.10
Achievement syndrome	
Independence	+0.47
Thrift	+0.60
Determination	+0.38
Hard work	+0.08
Generalized trust syndrome	
Responsibility	+0.53
Post-materialistic syndrome	
Imagination	0.00
Unselfishness	−0.08

[a] Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, G. Britain, India, Ireland, Italy, Japan, Mexico, The Netherlands, Nigeria, Norway, South Africa, South Korea, Spain, Sweden, Switzerland, Turkey, USA, West Germany.

Fig. 1.1 Antecedents and consequences of culture and the correlations of a few cultural values with economic growth (*Source* Hofstede 2001)

1.8 Personalized Networks

It is observed that entrepreneurs in emerging economies use more of personal ties than the business and political ties for venture creation, fundraising (Zhang and Wong 2008), and internalization (Alnuaimi et al. 2012). Personal ties also influence

their choice of entrepreneurship as a career (Chuluunbaatar et al. 2011). The widespread use of personal ties in emerging economies is predominantly because of the weakly regulated business environment (Yu et al. 2013), weak institutional polices, underdeveloped legal systems, immaturity of venture capital market, and the lack of economic planning (Zhang and Wong 2008). The business and political ties are used to a limited extent, especially for increasing firm performance, internationalizing the firm, choosing mode of entry into foreign nations, innovating and managing new and rapidly changing technologies as well as managing a weakly regulated legal system (Alnuaimi et al. 2012; Sheng et al. 2011; Lorenzen and Taube 2008).

While there are differences among entrepreneurs in developing and developed countries in terms of the nature and use of networks, there is no doubt that networks are creatively used by entrepreneurs to further their business goals. Some research findings from the emerging economies in this regard are briefly outlined below:

- One of the reasons for the preference for personal ties over professional ties is the closed nature of the society and culture in developing countries. In such cultures, it is rather difficult to go out of one's close-knit groups to build professional networks as the time taken to develop and maintain new ties outside the personal contacts is long since the assessment of the proposed member's status, building of trust, and exchange of favors are important prerequisites for getting included in a group. On the other hand, in close-knit groups, creating personal ties does not need any special efforts, as the frequency and intensity of interaction are high in small groups limited to the immediate and extended family members and the subcommunity one belongs to (Greve and Salaff 2003).
- Though there are research findings supporting the preferential use of personal networks by entrepreneurs in developing countries, this does not preclude the use of professional networks, especially in the post-startup phase. It was observed by Le and Nguyen (2009) that entrepreneurs in emerging economies use their ties with customers and government officials to secure bank finances (which is the principal source of venture funding in these countries), whereas they use their ties with suppliers to secure supply-chain finance and thereby reduce the dependence on bank finance.
- A major purpose for which entrepreneurs in emerging economies use their networks is to overcome the bureaucratic inefficiencies and institutional inadequacies (Estrin et al. 2013). Businesses therefore tend to be run by social obligations rather than the market requirements (Zhang and Wong 2008), thus creating a different type of impact on their strategies, innovation, and ethical practices. Interestingly, it is observed that social obligations among entrepreneurs could lead to the formation of industrial clusters even under unfavorable environmental conditions because entrepreneurial actions are guided more by relationships rather than by profitability/viability expectations (Arbuthnott and von Friedrichs 2013). The phenomenon of the social construction of the entrepreneurial environment and "affect-based" entrepreneurship are not peculiar to emerging economies, as it was also observed in North-East Scotland (Jack et al. 2008;

Bøllingtoft 2012), France (Nakara and Fayolle 2013) and New South Wales (Shoebridge et al. (2012), where the critical factor for the entrepreneurial plunge was found to be the social relationships even under favorable environmental conditions. One of the consequences of such behavior by entrepreneurs (especially in developing countries where it is more common) is that the ventures tend to become necessity-oriented rather than innovation/growth-oriented.

- As mentioned above, it is the professional networks that are more commonly used by entrepreneurs even in emerging economies when they have to manage the institutional burdens, which are mainly of three kinds: (1) Regulatory burden, characterized by the inadequacies of institutional/administrative mechanisms for governance and regulation; (2) Cognitive burden, characterized by limited knowledge about the markets, resources, and processes related to business and its management; and (3) Normative burden, characterized by negative beliefs about entrepreneurship as parasitism and profiteering (Manolova et al. 2008; Reynolds et al. 2005). Entrepreneurs in emerging economies develop such "professional" (rather non-personal) networks through associational activities such as: voluntary participation in trade associations, political parties, religious groups, cultural organizations, sports organizations, social welfare organizations, consumer organizations, environment organizations, and professional associations (Burt 1997; Luo 2003). The efficacy of such networks to deal with institutional inadequacies was demonstrated by De Clercq et al. (2010) in a study covering 15 developing countries. Other researchers have also observed this and have clarified that the personal networks are used mainly for mobilizing early stage funding support for the venture (Knack and Keefer 1997).
- The networking orientation of entrepreneurs in developing economies is being seen even in technology-oriented activities like new product development, according to a Chinese study (Mu and Benedetto 2011), which found that among the four strategic orientations of entrepreneurs (namely: market orientation, technology orientation, entrepreneurial orientation, and networking orientation), the most dominant one is networking orientation. Apparently, these entrepreneurs see networking as the principal means of access to new technologies, knowledge, resources, customers, suppliers, partners, etc. As a collectivity, however, there is something more in these networks than mere exchange of favors, which makes their businesses relevant for the market, in spite of their allegedly low market orientation.
- The overall picture that emerges from the review of literature on the nature of networking in developed and developing countries is summarized in the Table 1.4. This comparison is based on the parameters proposed by Kristiansen (2004), which are the number of members in the network, strength of ties, diversity of network members, and flexibility of networks.

Since the emerging economies are aspiring to catch up with the developed ones in the race to economic development, they will have to be as entrepreneurial or more as the latter. Researchers and policy-makers, therefore, have often suggested

Table 1.4 Entrepreneurial networks: a comparison of developed and developing countries

Parameters	Developed economies	Developing/emerging economies
Number of members	Large	Small
Strength of ties	Mix of strong and weak ties	Close/strong ties dominate
Diversity of network	High	Low
Flexibility of networks	High	Low

Source Kristiansen (2004)

that there is also a need for a corresponding change in the networking styles of the emerging economies. Some of these recommendations are given below.

- Governments of developing countries should include the development of social networks in their micro-level institutional policies and encourage the (potential) entrepreneurs to broaden it beyond their family and community members, which will eventually be useful for their entrepreneurial initiatives (Román et al. 2013).
- Government and other promotional agencies should set up a network of business incubators, which can facilitate diverse kinds of professional networking activities as well as insulate the fledgling ventures from environmental shocks. The networking and other benefits of such incubators (credibility, connectivity, know-how, risk-sharing, seed-funding, as well as legal, liaison, technical, and marketing services) have been highlighted by research studies in several countries, such as: Chandra et al. 2003 (India); Tötterman and Sten 2005 (Finland); Fang et al. 2010 (Taiwan); Robinson 2010 (Bolivia, Peru, Chile, Argentina, and Brazil).
- There are a few suggestions for entrepreneurs as well. Peng (2001), for example, recommend that entrepreneurs should: (1) establish alliances with larger, more legitimate, and more powerful players for enlarging and strengthening their networks; (2) take collective action to promote entrepreneurship development and new venture facilitation through forums like business and industry associations; (3) create linkages with established educational institutions for R&D support.
- Ideally, there should be four types of networks in the entrepreneurial ecosystem, which can enrich, energize, and strengthen entrepreneurial action, as proposed by Kanter (2012): (1) networks for linking knowledge creation to venture creation to speed up the conversion of ideas into market-ready enterprises; (2) networks for linking small and large enterprises to promote the growth of younger companies and revitalize large corporations through partnership with innovative SMEs; (3) networks for improving the match between education and employment opportunities, through apprenticeship programs and other education industry partnerships; (4) networks for linking leaders across sectors to develop regional strategies and produce scalable models.

Obviously, the emerging economies have a long way to go before they could create the ideal types, varieties, and numbers of networks that can lead their economies to economic development through innovation and entrepreneurship.

1.9 Ill-Funded and Ambivalent System of Education

While education has been recognized as a top-most priority of governments in developing countries because of its perceived role in modernizing the society (Cox 1968), reducing corruption (Garcia-Sanchez et al. 2011), increasing life-expectancy (Wigley and Akkoyunlu-Wigley 2006) and so on, many of these countries are still experimenting with various systems of education, often bewildered by its multi-dimensional and sometimes ambivalent impact. Such ambivalence is especially seen in the impact of education and training on entrepreneurship in emerging economies. On the one hand, education helps increase the self-efficacy of individuals (Ajzen 1985), create entrepreneurial intentions among them (Muofhe and Dutoit 2011), improve the quality of ventures (Leibenstein 1968), as well as the product quality, access to formal credit options, and performance of the organization (Mottaleb and Sonobe 2013). On the other hand, it increases the opportunity costs of selecting entrepreneurship as a career option (Leibenstein 1968), with the result that the more educated individuals develop a job-seeker orientation. This ambivalence is supported by the finding of an Indian study (Manimala and Kumar 2005) that the relationship between education and entrepreneurship is seen as a bell-curve, where there are proportionately more entrepreneurs in the moderate-education group compared to low and high-education groups.

In spite of the policy level priorities being announced by the emerging economies, the education system in these countries remain largely ineffective in terms of the numbers or quality to be achieved. For this reason, the growing population in developing economies, instead of being a boon, is turning to be a bane to them due to underdeveloped human capital (Mahmood 2012). While the average spending on education by different countries of the world remain in the range of about 5 % of their respective GNPs (UNESCO 2012), the fact that the GNPs in emerging economies are far lower than those of the developed economies makes their spending on education limited and inadequate, which may be a major reason for the education system in emerging economies being underdeveloped. A few such research findings are listed below.

1. A South African study (Tonkin 2010) has found that the primary and tertiary levels of education are poor in that country, which is a major hindrance to the development of entrepreneurial orientation among its citizens. Similarly a study in Ghana (Arthur-Menah and Alagaraja 2013) has found that the vocational education that was intended to develop technical and entrepreneurial skills among people has actually contributed to the neglect of human skills development.
2. Most of the schools (in Nigeria) lack the required physical infrastructure and qualified teachers, and are plagued by high rates of absenteeism (de Figueiredo-Nery et al. 2008). When it is not possible to provide even the basic education properly, naturally one cannot think of entrepreneurship education (Ejiogu et al. 2012).
3. Apart from other drawbacks within the system, the attitude of the society toward failure in academics also plays a role in influencing entrepreneurial orientation.

Failure is treated as incapability to learning instead of as an opportunity to develop skills that would help in facing real-life challenges.

4. Even though public education in emerging economies is more affordable (because of low or no fees) than private education, the quality of schools under the public education system is rather pathetic (Epstein and Yuthas 2012; Idrees and Siddiqi 2013). Besides, public education focuses on the primary level, almost to the neglect of secondary and tertiary levels (Castelló-Climent and Mukhopadhyay 2013), with the result that very few of the so-called "educated" individuals in these countries reach the tertiary levels (Tooley 2012; Gruber and Kosack 2014). Consequently, there are fewer number of people with higher levels of education, which should otherwise have acted as a stimulant for entrepreneurship, as it broadens the perspectives and opportunities for people. Even when the required number and types of institutions are available, for every 1 % increase in tertiary education, there has to be a 13 % increase in illiteracy rates (Castelló-Climent and Mukhopadhyay 2013). An additional problem is with the orientation of people who get tertiary levels of education—they are oriented to think of education as a means of securing employment, which is partly because the system presents itself to the students in that manner. Obviously, such an education system will be unable to create any entrepreneurial orientation among the students (Akin 2012).
5. Associating education with the prospects of employment and career may also have other unanticipated consequences on the education system itself. While the expectation of employment is high among the educated individuals, the job opportunities in developing countries often do not match the numbers and levels of the educated (Quinn and Rubb 2006; Horii and Sasaki 2012). This may lead to a loss of faith in formal education among the people and a deterioration of education into job-oriented training (Bhaumik and Dimova 2004), which would condition the "educated" people to think in a particular fashion and thereby restrict innovative ideas and practices.
6. The motive for education in emerging economies, therefore, tends to become the extrinsic benefits of it rather than the intrinsic development that it could bring about for the individual. While the association of education with employment is a major reason for it, there are also other factors contributing to this extrinsic orientation. For example, the parents' socioeconomic characteristics and aspirations for their children as well as the nature of available educational facilities in their neighborhood may have a greater influence than the interest of the student on the type of education provided (Huisman and Smits 2009). The choice of a course of study for extrinsic reasons is reinforced by the fact that in many emerging economy cultures it is the parents who finance the studies of their children even at the tertiary level. The children therefore will be forced to accede to their parents' wishes rather than follow their own special interests, which is possible and done in a developed country culture where tertiary level studies are funded by the students' own money or by scholarships (Arvin 1999).
7. If the parents are uneducated, children are more likely to drop out of school than if they are educated (Horii and Sasaki 2012). In fact, it was observed by a

UNESCO study (Epstein and Yuthas 2012) that the main problem with the education system in emerging economies is not the lack of enrollment but the high rates of dropouts especially at the secondary and tertiary levels, which is also causing a refocusing of educational efforts on continuing education and vocational education in developing countries (Saracevic et al. 1985). Gender inequality in education is also a reason for dropouts from school in emerging economies—in many cultures girls are not educated beyond secondary level (Lincove 2006). Consequently, the next generation will also have a different orientation to education because of the low levels of education attained by the mothers.

8. Institutions in emerging economies are rather slow in adopting the newer educational technologies like open online courses that can reach a large section of the poor society at affordable cost (Bartholet 2013). Underdeveloped infrastructure (such as computers, Internet connectivity, mobiles, videos, etc) makes it difficult for the spread of e-learning systems that could enormously help in the diffusion of education (Leigh 2006). Another reason for a slow growth in the use of e-learning is a mindset among the students in developing countries that associates education with classroom teaching (Andersson and Hatakka 2010).
9. The relative importance given to education by the developing countries as compared to the developed ones may be gauged by a peculiar trend in the spending on education. In developing countries it follows a procyclic trend (that is, increasing with increase in GDP) unlike in the developed countries where it follows an acyclic trend—that is, educational spending is independent of GDP movements (Arze del Granada et al. 2013). In other words, the developed countries spend on education as required, irrespective of the trends in the economy, whereas the developing countries spend as affordable (rather than as required).

The overall impression gained from the above research findings is that there is no consistent educational policy in developing countries. It is swayed by the availability of human and financial resources. The system is not goal-directed and so may not be able to take care of the human development needs of the nation. Obviously, it will have an adverse impact on the development of the human potential and consequently on innovation and entrepreneurship.

1.10 Reluctantly International

In the era of globalization, firms have very little choice about internationalization, although the firm-specific and country-specific factors would influence the extent of internationalization. Among the country-specific factors that affect the firms' decision to go international, the more prominent ones are the following (Teece 1986; Khanna and Palepu 1997; Isenberg 2008):

1. Commercial environment of the country;
2. Infrastructure especially those for transportation and telecommunication;
3. Legal, labor, and political environment;

4. Education System;
5. Psychic barriers that arise due to differences in language, culture, and religion; and
6. Level of economic development.

The firm-specific factors, on the other hand, may revolve around the search for suitable manufacturing locations, investors, talent, and profitable markets (Isenberg 2008). It is further observed by Isenberg (2008) that, to be successful in their attempt to internationalize, the firms should be clear on their reasons for entering a particular market, build networks in the market with powerful counterparts, develop excellent supply-chain management abilities, and create a multicultural orientation in the organization.

While the factors mentioned above are of importance for internationalization in general, there is a fundamental difference between developed countries and emerging economies in their orientation toward internationalization. The latter are more often guided by the contacts they have in another country whereas the former creates such contacts if internationalization is considered a strategic option based on their business exigencies and the perceived opportunities in another country (Filatotchev et al. 2007).

The fundamental difference between the developed and emerging economies is that the former is more proactive and the latter more reactive. Researchers have therefore investigated the factors that influence the decision of a firm in an emerging economy to internationalize their operations and have come out with a large number of them. A few of them are listed below:

- Firm's international experience (Khavul et al. 2012);
- Top managers' global experience and technology experience (Sahaym and Nam 2013);
- "Internetization"—that is the firm's ability to adopt Internet-based technologies (Etemad et al. 2010);
- Home industry competition and export intensity and opportunities (Yiu et al. 2007);
- Export rewards in the country and its export dependence (Chi and Sun 2013);
- Firm's adaptive capacity—that is, its ability to coordinate, recombine, and allocate resources to meet foreign requirements (Lu et al. 2010);
- Founding team's experience (Khavul et al. 2012) and prior exposure to foreign operations;
- High entrepreneurial orientation as opposed to market orientation (Li et al. 2011), as the latter would orient the firms to restrict themselves to familiar markets:
- Marketing practices that make use of technologies rather than rely on face-to-face interactions, which are more common in emerging economies (Pels et al. 2004);
- Ability to leverage on one's knowledge capabilities, technology capabilities, and networking capabilities (Zou and Ghauri 2010);
- Ability to build and keep business relationships especially with local stakeholders (Emelyanov et al. 2011);

- An organization structure that is conducive to accommodate and utilize foreign partners (Kocak and Abimbola 2009);
- A planned and systematic approach toward exports rather than a reactionary response to fortuitous circumstances (Williams 2008);
- Training systems and top management support (Chi and Sun 2013) for dealing with different business contexts and the ability to unlearn and reorient the team into a multifaceted learning system (Zahra and Wright 2011);
- Institutional quality (size and age) in the concerned economy (LiPuma et al. 2013).

It is obvious that the list of influencing factors is too long, and perhaps unattainable for most countries and/or firms in the emerging economy group. The consolation, however, is that internationalization can happen in two ways—by the "push" from the emerging economies and/or by the "pull" from the developed countries. The latter aspect is often neglected in the discussions on the subject. According to Arnold and Quelch (1998), the "pull" from developed economies is facilitated mainly by two factors: (1) As an economy starts developing, there will be a growing segment of "rich" people with enough disposable income, which the MNCs would be interested in exploiting by introducing sophisticated products of theirs into these emerging markets; (2) The Internet has made it possible for small- and medium-sized MNCs also to exploit business customers in emerging economies in spite of the constraints of their limited resources, which would enable the entry of larger numbers of foreign players into these markets.

In the reverse direction (that is, when emerging economy firms move into developed economies), there can be three sets of factors that would influence the process (Yamakawa et al. 2008):

1. Industry-based factors, which are listed as: high degree of competition and technology intensiveness; low level of institutional and country risk; greater market potential; innovation-seeking imperatives instead of those based on exploitation of existing environment and technology; and organizational capabilities.
2. Resource-based factors, which are listed as: learning imperative and orientation; availability of VCs, business angels, and other funding options; existence of strategic alliances among firms to overcome capability deficiencies; and entrepreneurial orientation for identifying and exploiting innovative opportunities.
3. Institution-based factors, which are primarily characterized by the existence of a fair and robust regulatory system and of institutions that promote entrepreneurial traits and attitudes among the people.

However, the benefits (in terms of the technical, economic, and human progress) from international operations, alliances, and collaborations can be enjoyed by firms in emerging economies only if they have sufficient absorptive capacity, which is defined by Cohen and Levinthal (1990, p. 128) as the firm's "ability to recognize the value of new information, assimilate it, and apply it to commercial ends." The absorptive capacity of firms would be supported by a fair and open policy on foreign direct investment (Borensztein et al. 1998), economic freedom in the

country (Azman-Saini 2010), existence of well-functioning financial institutions (Durham 2004), and well-developed legal and political institutions (Demetriades and Hook Law 2006).

In either direction of internationalization, there are three predominant modes of entry (Robinson 1961; Mottner and Johnson 2000; Zhanget al. 2007), namely: joint venture, acquisition, and green-field investment (that is, startup investment in new facilities). The choice among these three modes is decided largely by the cost associated with each and the uncertainty prevalent in the country (Kogut and Singh 1988). Cultural differences between the two countries and the international experience of the partners are two major parameters used in assessing the cost and uncertainty involved in a particular investment (Caves and Mehra 1986). Other attributes that influence the overall cost and uncertainty include transaction costs, sharing of complementary knowledge and distinct knowledge, industrial competition, intensity of marketing and research expenditure, and organization fit between the two firms in terms of their administrative practices (Kogut and Singh 1988). A green-field investment is usually preferred if the cost of resource mobilization and management are low whereas joint venture or acquisitions are preferred when intensity of marketing and research expenditure are high (Caves and Mehra 1986).

In many cases, firms adopt a phased strategy for internationalization. According to Douglas and Craig (1997) there are four stages in this process, namely: domestic focus, initial entry into foreign market, beachhead expansion, and global rationalization. Of these four, the first one is about doing business in the home country and hence it is ignored in Table 1.5, as the discussion here is about internationalization.

Table 1.5 The three stages of internationalization and the factors influencing the strategies in each of these stages

Initial foreign market entry or beachhead stage	Beachhead expansion stage	Global rationalization
Saturation of domestic market Movement or domestic customers overseas	Local market growth	Cost inefficiencies and duplication of effort between countries
	Meeting local competition	Learning via transfer of ideas and exprience
Sourcing opportunities overseas Entry of foreign competition in home market	Local management initiative and motivation	Emergence of global customers
Desire to keep abreast of technological changes	Desire to use local assets more effectively	Emergence of global competition
		Development of global marketing infrastructure
Advances in communications technology and marketing infrastructure		
Diversification of risk		
Government incentives		

Source AGPS (1996): Industry Commission Annual Report

The second and third stages (the first and second in the table) are described using a concept in military strategy, namely, the “Beachhead Strategy”, which is employed by soldiers landing on shore through the sea-route and securing a small territory initially and then slowly expanding inward. In business, particularly in startup operations and entry into international markets, the beachhead strategy is about focusing one’s resources on one key area, usually a niche involving a smaller market segment or product category, and conquering that market first before moving into larger markets and product categories. The factors influencing the strategies in each of the three stages of internationalization-as enumerated by the Industry Commission Report of the Australian Government (AGPS 1996)-are reproduced in Table 1.5

Strategies described in the above table are relevant after a firm has made a decision to go into a particular country. A more fundamental decision, however, is whether to enter a country at all, which is a function of a large number of country-specific factors. A report by the Australian Trade Commission (Austrade 2007) has categorized these factors into five major types, namely: (1) Macroeconomic factors, (2) Microeconomic factors, (3) Socioeconomic factors, (4) Political and regulatory factors, and (5) Legal factors (see Table 1.6. for details).

Table 1.6 Country-specific factors influencing the entry-decision of an internationalizing firm into a particular country

Macroeconomic factors	Microeconomic factors	Socioeconomic factors	Political and regulatory factors	Legal factors
Macroeconomic stability of the country, i.e.,	Access to cost-effective labor	Access to regional and other export markets	Political stability of a country	Legal system, enforcement of contracts
Interest rate stability Exchange rate stability	Access to labor with necessary skills/education	Size, nature, and purchasing power of local market	Transparency in decision making, absence of corruption	Law and order
Inflation stability	Access to raw materials and production inputs	Openness to trade and investment	Local laws and regulations, red tape	
	Access to land/property			
	Access to adequate infrastructure at acceptable cost			
	Environmental and quality of life factors			

Source Austrade (2007)

It is obvious that the emerging economies' slow performance on internationalization may be attributed to their inadequacies on these factors, as it was noted in the other subsections as well. Apparently the emerging economies are handicapped in both the directions of internationalization—while the developed countries are inhibited in entering the emerging economies because of the perceived inadequacies of the above factors, the developing countries are inhibited by their own lack of resources and firm-specific competencies in entering into developed economies. Such lack of confidence can be overcome primarily by having an associate in developed countries. This is why it is often observed that internationalization of developed country firms are guided by business opportunities whereas that of emerging economy firms are guided by the contacts they have in the other countries. As the world is getting increasingly globalized, the emerging economy firms have no option but to internationalize. While they are being swayed by the pulls and pushes, the fact remains that they are increasingly (though reluctantly) getting international.

1.11 Conclusion: Muddling Through to Development

Though it is difficult to identify a common set of characteristics that distinguish emerging economies from developed ones, there are several similarities among this group of countries, which set them apart. A comprehensive survey of literature has revealed that the more prominent characteristics of emerging economies can be summarized under nine headings, as shown above. They are: (1) Underdeveloped institutions, (2) Unclear and inconsistent policies, (3) Inadequate governance, (4) Disjointed infrastructure (5) Limited funding options (6) Inhibiting culture, (7) Personalized networks, (8) Ill-funded and ambivalent education system, and (9) Reluctant internationalization. The overall impact of these inadequacies is that entrepreneurs have to overcome several constraints for setting up and growing their ventures. Hence much of their innovativeness would be exercised on devising the means to overcome these constraints rather than in designing, developing, and marketing innovative products and services. Thus they tend to develop a style of muddling through toward venture creation and growth.

While researchers have proposed different kinds of strategies to improve the performance of the countries on each of the above dimensions, isolated actions on separate issues are unlikely to produce any synergistic impact. Taking a lesson from the history of the developed nations, one could say that among all the above dimensions, the one that would bring about overall changes is the interventions in the education system. As pointed out by Manimala et al. (2009), the history of developed countries shows that the economic development of those countries was preceded by changes in the community's learning and education systems (as may be seen in the case of Europe, where the Renaissance and the consequent openness to learning laid the foundations of modern scientific and economic development, and in the case of Japan, where the Meiji Restoration and the following educational reforms led to the modernization and development of Japan). In a comprehensive

model proposed by them in the above paper on the influence of the national environment on entrepreneurship, they classify the elements of the environment into two main categories—the general environment which influences the development of the entrepreneurial individual and the task environment which channelizes the entrepreneurial capabilities of the individuals into business-related activities, which in turn promotes economic development. A third category, the Learning and Education Environment, whose constituents could fall into either the "general" or the "task" category depending on the nature of education offered, is also the principal means of interventions in the other two types of environment (see Fig. 1.2). Emerging economies, therefore, cannot afford to ignore education or organize it in a haphazard manner, if they would like to catch up with the developed ones in terms of entrepreneurship and economic development.

Although there is a global initiative led by UNESCO to provide "Education for All", EFA for short (launched in the year 2000 at the World Education Forum, Dakar, Senegal, with the participation of 164 countries), which aims to meet the learning needs of all children, youth, and adults by 2015, the progress on this project is tardy (UNESCO 2012, 2013), which may be attributed to constraints of budget and the priorities of allocation (Delamonica 2004). Since the latter half of the twentieth century, developing countries have been trying very hard to improve the quality of their education system especially with the involvement of faculty and other specialist resources from developed countries (Ballarin 1991). Many have also experimented with privatization and public–private partnership with regulatory control (Pessoa 2008), though with limited effectiveness mainly because of the funding inadequacies (Delamonica 2004). Similarly, the more cost-effective systems of distance-learning (Rena 2007) and e-learning (Leigh 2006) have also not been creating the desired impact due to inadequacies of technological and infrastructural support.

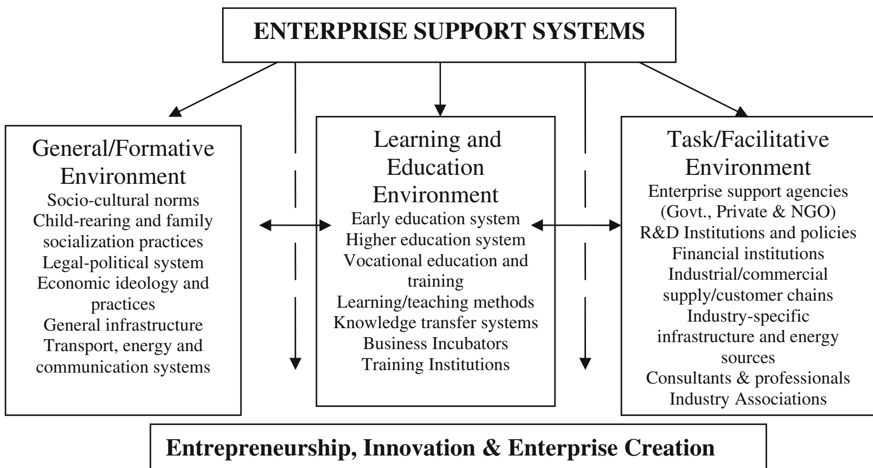


Fig. 1.2 Learning and Education system as a link between formative and facilitative environment. *Source* Manimala et al. 2009

Taking a clue from the system of education being followed by the developed countries, some researchers have argued that most of the problems with the education system in the developing economies would be solved if the system is granted autonomy, which is of three kinds: (1) academic autonomy for the faculty members to design and teach the curriculum of their choice, so as to develop and impart intellectual wealth of great quality; (2) institutional autonomy giving operational and decision-making freedom to the institute's constituents, who can thereby decide on the best way to implement their programs; and (3) financial autonomy giving the freedom to raise and use funds according to each institution's priorities and internal rules (Pandey 2004). While these autonomies can and would produce the desired improvements in a mature economy, their efficacy in developing countries would be doubtful, as the latter countries are evolving toward academic and professional maturity and have serious shortages of resources and inadequacies of academic infrastructure and resources. Hence the ability of the education system in developing countries to promote innovation and entrepreneurship would be limited, which will take a while to reach the full potential through a process of "muddling-through".

When the quality of the human capital is improved, all other systems would experience corresponding improvements. Emerging economies are currently following a reactive strategy of going with the tide of the LPG (liberalization, privatization, and globalization) process rather than initiating innovations and developing opportunities based on the innovative ideas of their own human capital. With changes in the education system, individuals may develop a more proactive attitude toward learning, innovation, and development, which can also bring about changes in the other dimensions of the entrepreneurial ecosystem, with the result that the muddling-through style would give way to proactive planning and systematic development.

References

Aaker JL, Maheswaran D (1997) The effect of cultural orientation on persuasion. J Consum Res 24(3):315–328

Abiad A, Bluedorn J, Guajardo J, Topalova P (2012) The rising resilience of emerging market and developing economies. Research Department, International Monetary Fund, Working Paper No: WP/12/300

Acs ZJ, Desai S, Hessels J (2008) Entrepreneurship, economic development and institutions. Small Bus Econ 31:219–234

Aggarwal R, Goodell JW (2010) Financial markets versus institutions in european countries: influence of culture and other national characteristics. Int Bus Rev 19(5):502–520

Aggarwal R, Kearney C, Lucey B (2012) Gravity and culture in foreign portfolio investment. J Bank Financ 36(2):525–538

AGPS (1996) State, Territorial and Local Governance Assistance to Industry (Industry Commission Annual Report: Report No.55), AGPS (Australian Government Publishing Service), Canberra

Ahlstrom D, Bruton GD (2006) Venture capital in emerging economies: networks and institutional change. Entrepreneurship Theor Pract 30(2):299–320

Ajzen I (1985) From intentions to actions: a theory of planned behavior. In: Kuhl J, Beckman J (eds) Action-control: from cognition to behavior. Springer, Heidelberg, pp 11–39

Akin MS (2012) An analysis of the competition for university entrance test. J Dev Areas 46(1):55–70
Alemu AM (2013) The nexus between technological infrastructure and export competitiveness of high-tech products in East Asian economies. J Econ Dev Manage IT, Financ Mark 5(1)
Allison TH, McKenny AF, Short JC (2013) The effect of entrepreneurial rhetoric on micro-lending investment: an examination of the warm-glow effect. J Bus Ventur 28(6):690–707
Alnuaimi T, Singh J, George G (2012) Not with my own: long-term effects of cross-country collaboration on subsidiary innovation in emerging economies versus advanced economies. J Econ Geogr 12(5):943–968
Andersson A, Hatakka M (2010) Increasing interactivity in distance educations: case studies Bangladesh and Sri Lanka. Inform Technol Dev 16(1):16–33
Arbuthnott A, von Friedrichs Y (2013) Entrepreneurial renewal in a peripheral region: the case of a winter automotive-testing cluster in Sweden. Entrepreneurship Reg Dev 25(5–6):371–403
Arnold DJ, Quelch JA (1998) New strategies in emerging markets. Sloan management
Arthur-Mensah N, Alagaraja M (2013) Exploring technical vocational education and training systems in emerging markets: a case study on Ghana. Eur J Training Dev 37(9):835–850
Arvin MB, Summers JL (1999) Maternal education and child educational attainment in less-developed countries. Atlantic Econ J 27(2):236
Arze del Granado J, Gupta S, Hajdenberg A (2013) Is social spending procyclical? evidence for developing countries. World Dev 42:16–27
Austrade (2007) Australian trade commission. www.austrade.gov.au. Accessed Jan 2014
Ayodeji OO (2012) A conceptual model for developing venture capital in emerging economies. J Manage Policy Pract 13(2)
Azman-Saini WNW, Baharumshah AZ, Law SH (2010) Foreign direct investment, economic freedom and economic growth: International evidence. Econ Model 27(5):1079–1089
Bădulescu A, Borza A (2012) Women in business. The need for policies to fostering women entrepreneurship in Romania. Ann Univ Oradea Econ Sci Ser 21(2)
Ballarin O (1991) Hiring for subsidiaries in developing countries. Int Executive 32(4):27–30
Bartholet J (2013) Hype and hope. Sci Am 309(2):53–61
Baumol WJ (1996) Entrepreneurship: productive, unproductive, and destructive. J Bus Ventur 11 (1):3–22
Beck T, Demirguc-Kunt A (2006) Small and medium-size enterprises: access to finance as a growth constraint. J Bank Financ 30(11):2931–2943
Beck T, Lu L, Yang R (2013) Finance and growth for microenterprises: evidence from rural china. European banking center discussion paper, (2013-010)
Bena J, Ondko P (2012) Financial development and the allocation of external finance. J Empir Financ 19(1):1–25
Bentlage M, Lüthi S, Thierstein A (2013) Knowledge creation in German agglomerations and accessibility–an approach involving non-physical connectivity. Cities 30:47–58
Berger B (ed) (1991) The culture of entrepreneurship. ICS Press, San Francisco, pp 1–12
Bhattacharya R, Patnaiky I (2013) Credit constraints, productivity shocks and consumption volatility in emerging economies. Working paper of international monetary fund, IMF WP/13/120, May
Bhaumik SK, Dimova R (2004) How important is ownership in a market with level playing field? The Indian banking sector revisited. J Comp Econ 32(1):165–180
Bilas V, Franc S, Ćenan D (2011) The role of the government in the entrepreneurship promotion and development of the institutional support to exports. In: The 5th international scientific conference Entrepreneurship and macroeconomic management: reflections on the world in Turmoil"
Bittencourt M (2012) Financial development and economic growth in Latin America: is schumpeter right? J Policy Model 34(3):341–355
Bøllingtoft A (2012) The bottom-up business incubator: leverage to networking and cooperation practices in a self-generated, entrepreneurial-enabled environment. Technovation 32(5):304–315
Borensztein E, De Gregorio J, Lee JW (1998) How does foreign direct investment affect economic growth? J Int Econ 45(1):115–135

Braguinsky S, Mityakov S (2013) Foreign corporations and the culture of transparency: evidence from Russian administrative data. J Finan Econ

Bruton GD, Ahlstrom D (2003) An institutional view of China's venture capital industry: explaining the differences between China and the West. J Bus Ventur 18(2):233–259

Bruton GD, Dess GG, Janney JJ (2007) Knowledge management in technology-focused firms in emerging economies: caveats on capabilities, networks, and real options. Asia Pac J Manage 24 (2):115–130

Burt RS (1997) The contingent value of social capital. Adm Sci Q 42(2):339–365

Butler AW, Cornaggia J (2011) Does access to external finance improve productivity? Evidence from a natural experiment. J Financ Econ 99(1):184–203

Castelló-Climent A, Mukhopadhyay A (2013) Mass education or a minority well educated elite in the process of growth: the case of India. J Dev Econ 105:303–320

Caves RE, Mehra SK (1986) Entry of foreign multinationals into US manufacturing industries. Competition in global industries 449:481

Ceballos F, Didier T, Hevia C, Schmukler S (2012) Policy responses to the global financial crisis: what did emerging economies do differently? Working paper of the central reserve bank of peru: DT.N 2013-002, Serie de Documentos de Trabajo

Chandra P, Srivastav S, Shah B (2003) Innovation, incubation, and incubator. Vikalpa J Decis Makers 28(2)

Chi T, Sun Y (2013) Development of firm export market oriented behavior: evidence from an emerging economy. Int Bus Rev 22(1):339–350

Chuluunbaatar E, Luh DB, Kung SF (2011) The Entrepreneurial start-up process: the role of social capital and the social economic condition. Asian Acad Manag J 16(1)

Cohen D, Levinthal W (1990) Absorptive capacity: a new perspective on learning and innovation. Adm Sci Q 35(1):128–152

Cooray A (2011) The role of the government in financial sector development. Econ Model 28(3):928–938

Cox RW (1968) Education for development. International Institute for Labour Studies

Cuadra G, Horacio S (2007) Fiscal policy and default risk in emerging markets. Bank of Mexico working paper. Fiscal policy and default risk in emerging markets—ideas—RePEc. ideas.repec.org/a/red/issued/06-71.html

Cubillas E, González F (2014) Financial liberalization and bank risk-taking: international evidence. J Financ Stab 11:32–48

De Clercq D, Danis WM, Dakhli M (2010) The moderating effect of institutional context on the relationship between associational activity and new business activity in emerging economies. Int Bus Rev 19(1):85–101

de Figueiredo-Nery MAN, Figueiredo PN (2008) Forming entrepreneurial mindsets? Preliminary evidence of teaching practices from primary schools in a developing area in South America. J Technol Manag Innov 3(2)

de Lima Ribeiro L, Gledson de Carvalho A (2008) Private equity and venture capital in an emerging economy: evidence from Brazil. Venture Cap 10(2):111–126

Delamonica E, Mehrotra S, Vandemoortele J (2004) Education for all: how much will it cost? Dev Change 35(1):3–30

Demetriades P, Hook Law S (2006) Finance, institutions and economic development. Int J Financ Econ 11(3):245–260

Demirgüç-Kunt A, Córdova EL, Pería MSM, Woodruff C (2011) Remittances and banking sector breadth and depth: evidence from Mexico. J Dev Econ 95(2):229–241

Douglas SP, Craig CS (1997) The changing dynamic of consumer behavior: implications for cross-cultural research. Int J Res Mark 14(4):379–395

Durham J (2004) Absorptive capacity and the effects of foreign direct investment and equity foreign portfolio investment on economic growth. Eur Econ Rev 48:285–306

Economist Intelligence Unit (2006) Operating risk in emerging markets. The Economist. http://www.graphics.eiu.com/files/ad_pdfs/eiu_Operating_Risk_wp.pdf. Accessed 28 Oct 2013

Economy Watch (2010) The BRIC countries: Brazil, Russia, India, China. Economy Watch, 30 June. www.economywatch.com/international_organizations. Accessed 24 Sept 2013
Ejiogu AO, Nwajiuba CA (2012) The need for inclusion of entrepreneurship education in Nigerian school curricula. Thunderbird Int Bus Rev 54(1):7–13
Emelyanov V, Jørgensen EJ, Fischer P, Chechurina M (2011) Cross border ventures and their border-crossing strategies. The case of Russian and norwegian born borders. Manag Organ Syst Res (60):79–92
Epstein MJ, Yuthas KJ (2012) Redefining education in the developing world
Estrin S, Korosteleva J, Mickiewicz T (2013) Which institutions encourage entrepreneurial growth aspirations? J Bus Ventur 28(4):564–580
Etemad H, Wilkinson I, Dana LP (2010) Internetization as the necessary condition for internationalization in the newly emerging economy. J Int Entrepreneurship 8(4):319–342
Fang SC, Tsai FS, Lin JL (2010) Leveraging tenant-incubator social capital for organizational learning and performance in incubation programme. Int Small Bus J 28(1):90–113
Filatotchev I, Strange R, Piesse J, Lien YC (2007) FDI by firms from newly industrialised economies in emerging markets: corporate governance, entry mode and location. J Int Bus Stud 38(4):556–572
Fiordelisi F, Molyneux P (2010) The determinants of shareholder value in European banking. J Bank Financ 34(6):1189–1200
Frankel JA, Vegh CA, Vuletin G (2013) On graduation from fiscal procyclicality. J Dev Econ 100 (1):32–47
Fukuyama F (2001) Culture and economic development: cultural concerns, pp 3130–3134. www.sais-jhu.edu/faculty/fukuyama/articles/isb505010.pdf
Gans JS, Persson L (2012) Entrepreneurial commercialization choices and the interaction between IPR and competition policy (No. 895). IFN Working Paper
Garcia-Sanchez IM, Rodriguez-Dominguez L, Gallego-Alvarez I (2011) Effectiveness of ethics codes in the public sphere: are they useful in controlling corruption? Int J Public Adm 34 (3):190–195
Gimet C, Lagoarde-Segot T (2011) A closer look at financial development and income distribution. J Bank Financ 35(7):1698–1713
Government of India (2003) Manual on foreign direct investment in India—policy and procedures, secretariat for industrial assistance (SIA), Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, New Delhi, May. https://www.iaccindia.com/userfiles/files/FDI%20Manual%20-%20Policy%20and%20Procedure.pdf. Accessed 21 Oct 2013
Grant Thornton (2012) Emerging markets opportunity index: high growth economies. International Business Report: Emerging Markets 2012. http://www.gt.co.za/publications/2012/12/ibr-2012-report-emerging-markets-opportunity-index-high-growth-economies/. Accessed 24 Sept 2013
Greve A, Salaff JW (2003) Social networks and entrepreneurship. Entrepreneurship Theor Pract 28 (1):1–22
Grimm HM (2011) The lisbon agenda and entrepreneurship policy: governance implications from a german perspective. Public Adm 89(4):1526–1545
Gruber L, Kosack S (2014) The tertiary tilt: education and inequality in the developing world. World Dev 54:253–272
Hall J, Matos S, Sheehan L, Silvestre B (2012) Entrepreneurship and innovation at the base of the pyramid: a recipe for inclusive growth or social exclusion? J Manag Stud 49(4):785–812
Harris S, Carr C (2008) National cultural values and the purpose of businesses. Int Bus Rev 17 (1):103–117
HBR (2012) Can start-ups help turn the tide? Harvard Bus Rev 90(9):30–31
Hoang H, Antoncic B (2003) Network-based research in entrepreneurship: a critical review. J Bus Ventur 18(2):165–187
Hofstede G (1980) Motivation, leadership, and organization: do American theories apply abroad? Org Dyn 9(1):42–63

Hofstede G (2001) Culture's consequences: comparing values, behaviors, institutions, and organizations across nations. Sage, Thousand Oaks, CA
Horii R, Sasaki M (2012) Dual poverty trap: intra-and intergenerational linkages in frictional labor markets. J Public Econ Theor 14(1):131–160
Hoskisson RE, Eden L, Lau CM, Wright M (2000) Strategy in emerging economies. Acad Manag J 43(3):249–267
HSBC (2010) Emerging markets: access the growth potential of the world's emerging economies with HSBC, HSBC Investment Funds (Canada) Inc. https://www.hsbc.ca/1/PA_ES_Content_Mgmt/content/canada4/pdfs/personal/emerging-market-may10.pdf. Accessed 19 Sept 2013. http://cdi.mecon.gov.ar/biblio/docelec/fmi/wp/wp04177.pdf. Accessed 24 Sept 2013. http://www.grantthornton.at/files/GTI%20IBR/ibr2012_em_report_2012_final.pdf, http://www.graphics.eiu.com/files/ad_pdfs/eiu_Operating_Risk_wp.pdf
Huggins R, Williams N (2011) Entrepreneurship and regional competitiveness: the role and progression of policy. Entrepreneurship Reg Dev 23(9–10):907–932
Huisman J, Smits J (2009) Effects of household-and district-level factors on primary school enrollment in 30 developing countries. World Dev 37(1):179–193
Idrees AS, Siddiqi MW (2013) Does public education expenditure cause economic growth? Comparison of developed and developing countries. Pak J Commer Soc Sci 7(1)
Imamuddin K (2009) Pakistani venture capitalists investment criteria: a comparative look. Asian Acad Manag J 14(1)
IMF and World Bank (2011) Financial stability issues in emerging markets and developing economies. Report to G-20 Finance Ministers and Central Bank Governors, prepared by Financial Stability Board and Staff of the International Monetary Fund and the World Bank, 2nd November. http://www.imf.org/external/np/g20/pdf/110211.pdf. Accessed 28th Oct 2013
Infosys (2011) Building tomorrow's enterprise: emerging economies. View Point, Infosys Technologies, September. http://www.infosys.com/building-tomorrows-enterprise/emerging-economies/pages/index.aspx. Accessed 24 Sept 2013
Isenberg DJ (2008) The global entrepreneur. Harvard Bus Rev 86(12):107–111
Iyer GR, Sheth JN, Sharma A (2012) The resurgence of india triumph of institutions over infrastructure? J Macromarketing 32(3):309–318
Jack S, Dodd SD, Anderson AR (2008) Change and the development of entrepreneurial networks over time: a processual perspective. Entrepreneurship Reg Dev 20(2):125–159
Jahanshahi AA, Nawaser K, Sadeq Khaksar SM, Kamalian AR (2011) The relationship between government policy and the growth of entrepreneurship in the micro, small and medium enterprises of India. J Technol Manag Innov 6(1):66–76
Jeng LA, Wells PC (2000) The determinants of venture capital funding: evidence across countries. J Corp Finan 6(3):241–289
Jensen MC (1989) Active investors, LBOs, and the privatization of bankruptcy*. J Appl Corp Finan 2(1):35–44
Jungman H, Okkonen J, Rasila T, Seppä M (2004) Use of performance measurement in V2C activity. Benchmarking Int J 11(2):175–189
Kanter RM (2012) Enriching the ecosystem. Harvard Bus Rev 90(3):140
Karsai J, Wright M, Filatotchev I (1997) Venture capital in transition economies: the case of Hungary. Entrepreneurship Theor Pract 21:93–110
Kendall J (2012) Local financial development and growth. J Bank Finan 36(5):1548–1562
Khanin D, Ogilvie K, Leibsohn D (2012) International entrepreneurship, venture capital networks, and reinvestment decisions. J Int Entrepreneurship 10(1):1–24
Khanna T, Palepu K (1997) Why focused strategies may be wrong for emerging markets. Harvard Bus Rev 75(4):41–49
Khanna T, Palepu K (1999) The right way to restructure conglomerates in emerging markets. Harvard Bus Rev 77:125–135
Kharas H (2011) The emerging middle class in developing countries. Brookings Institution, 20 June. siteresources.worldbank.org/…/Parallel-Sesssion-6-Homi-Kharas.pdf. Accessed 24 Sept 2013

Khavul S, Prater E, Swafford PM (2012) International responsiveness of entrepreneurial new ventures from three leading emerging economies. Int J Oper Prod Manag 32(10):1147–1177
Klingen CA, Weder B, Zettelmeyer J (2004) How private creditors fared in emerging debt markets, 1970–2000. IMF-CEPR Discussion Paper No. 4374
Knack S, Keefer P (1997) Does social capital have an economic payoff? A cross-country investigation. Quart J Econ 112(4):1251–1288
Knight RM (1994) Criteria used by venture capitalists: a cross cultural analysis. Int Small Bus J 13 (1):26–37
Kocak A, Abimbola T (2009) The effects of entrepreneurial marketing on born global performance. Int Mark Rev 26(4/5):439–452
Kogut B, Singh H (1988) The effect of national culture on the choice of entry mode. J Int Bus Stud 19(3):411–432
Kristiansen S (2004) Social networks and business success. Am J Econ Soc 63(5):1149–1171
Kshetri N, Dholakia N (2011) Regulative institutions supporting entrepreneurship in emerging economies: a comparison of China and India. J Int Entrepreneurship 9(2):110–132
Le NT, Nguyen TV (2009) The impact of networking on bank financing: the case of small and medium-sized enterprises in vietnam. Entrepreneurship Theor Pract 33(4):867–887
Lee SH, Peng MW, Song S (2013) Governments, entrepreneurs, and positive externalities: a real options perspective. Eur Manag J 31(4):333–347
Leibenstein H (1968) Entrepreneurship and development. Am Econ Rev 58(2):72–83
Leigh L (2006) Online training in entrepreneurship in Ldc'S: a case study. J Enterprising Cult 14(02):143–154
Lerner J (2009) Boulevard of broken dreams: why public efforts to boost entrepreneurship and venture capital have failed–and what to do about it. Princeton University Press
Lerner J, Sahlman W (2012) Reviving entrepreneruship. Harvard Bus Rev 90(3):116–119
Lerner J, Leamon A, Hardymon GF (2012) Venture capital, private equity, and the financing of entrepreneurship. Wiley, New York
Li Y, Liu Y, Liu H (2011) Co-opetition, distributor's entrepreneurial orientation and manufacturer's knowledge acquisition: evidence from China. J Oper Manag 29(1):128–142
Lincove JA (2006) Efficiency, equity and girls' education. Public Adm Dev 26(4):339–357
Lingelbach D (2013) Paradise postponed? Venture capital emergence in Russia. Crit Perspect Int Business 9(1/2):204–225
Lingelbach DC, de La Vina L, Asel P (2005) What's distinctive about growth-oriented entrepreneurship in developing countries? UTSA College of Business Center for Global Entrepreneurship Working Paper (1)
LiPuma JA, Newbert SL, Doh JP (2013) The effect of institutional quality on firm export performance in emerging economies: a contingency model of firm age and size. Small Bus Econ 40(4):817–841
Little AD (2008) The BRIC battle: winning the global race for the emerging middle segment. http://www.adlittle.com/downloads/tx_adlreports/ADL_BRIC.pdf. Accessed 24 Sept 2013
Liu L, Nath HK (2012) SHSU economics and intl. Business Working Paper No. 12–05 Aug 2012
Lopez-Claros A, Porter ME, Sala-I-Martin X, Schwab K (2006) The global competitiveness report 2006–2007. World Economic Forum, In Geneva, Switzerland
Lorenzen M, Täube FA (2008) Breakout from Bollywood? The roles of social networks and regulation in the evolution of Indian film industry. J Int Manag 14(3):286–299
Lu Y, Zhou L, Bruton G, Li W (2010) Capabilities as a mediator linking resources and the international performance of entrepreneurial firms in an emerging economy. J Int Bus Stud 41 (3):419–436
Luo Y (2003) Market-seeking MNEs in an emerging market: how parent-subsidiary links shape overseas success. J Int Bus Stud 34(3):290–309
Macquarie (2011) Investing in their future: emerging markets infrastructure, Macquarie Global Investments:http://static.macquarie.com/dafiles/Internet/mgl/ca/investments/docs/mgi-memif-brochure.pdf?v=1. Accessed on 6 May 2014

Maheswaran D, Shavitt S (2000) Issues and new directions in global consumer psychology. J Consum Psychol 9(2):59–66
Mahmood A (2012) Role of education in human development: a study of south Asian countries. IBA Bus Rev 7(2)
Mallick SK, Sarkar A, Roy KK, Duttachaudhuri T, Chakrabarti A (2010) Dynamics of emerging India's banking sector assets: a simple model. J Asset Manag 11(1):62–70
Manimala MJ (2002) Global entrepreneurship monitor India report 2002, N S Raghavan Centre for Entrepreneurial Learning, Indian institute of Management Bangalore, India
Manimala MJ (2008) Evolution of the bangalore ICT cluster: a stage-theory based on crystal-growth model (Full Version). Knowledge matters: technology, innovation and entrepreneurship in innovation networks and knowledge clusters, pp 104–128
Manimala MJ, Kumar S (2005) Training needs of small and medium enterprises (Research Report), N S Raghavan Centre for Entrepreneurial Learning (NSRCEL), Indian Institute of Management Bangalore
Manimala MJ, Gopal MV, Sridhar P (2002) GEM, Global Entrepreneurship Monitor: India Report 2002. NS Raghavan Centre for Entrepreneurial Learning, Indian Institute of Management
Manimala MJ, Mitra J, Singh V (2009) Enterprise support systems: nature and relevance. In: Manimala MJ, Mitra J, Singh V (eds) Enterprise support systems: an international perspective, Chapter 1. Response Books (Business Books from SAGE), New Delhi, pp 1–35
Manolova TS, Eunni RV, Gyoshev BS (2008) Institutional environments for entrepreneurship: evidence from emerging economies in Eastern Europe. Entrepreneurship Theor Pract 32(1):203–218
Maridal JH (2013) Cultural impact on national economic growth. J Socio-Econ 47:136–146
Marini M (2004) Cultural evolution and economic growth: a theoretical hypothesis with some empirical evidence. J Socio-Econ 33(6):765–784
Mason C, Brown R (2013) Creating good public policy to support high-growth firms. Small Bus Econ 40(2):211–225
Mbaku JM (2013) Evaluating poverty elimination. Harvard Int Rev Summer 35(1):72–77
McClelland DC (1965) N achievement and entrepreneurship: a longitudinal study. J Pers Soc Psychol 1(4):389
Meddour DE, Rasheed T, Gourhant Y (2011) On the role of infrastructure sharing for mobile network operators in emerging markets. Comput Netw 55(7):1576–1591
Meyer KE (2001) Institutions, transaction costs, and entry mode choice in Eastern Europe. J Int Bus Stud 32(2):357–367
Meyer KE, Estrin S, Bhaumik SK, Peng MW (2009) Institutions, resources, and entry strategies in emerging economies. Strateg Manag J 30(1):61–80
Michael SC, Pearce JA (2009) The need for innovation as a rationale for government involvement in entrepreneurship. Entrepreneurship Reg Dev 21(3):285–302
Mody A (2004) What is an emerging market?. IMF Working Paper: WP/04/177
Mottaleb KA, Sonobe T (2013) The development process of rural informal industries in developing countries: the case of bangladesh. J Dev Areas 47(2):229–249
Mottner S, Johnson JP (2000) Motivations and risks in international licensing: a review and implications for licensing to transitional and emerging economies. J World Bus 35(2):171–188
Mu J, Di Benedetto CA (2011) Strategic orientations and new product commercialization: mediator, moderator, and interplay. RandD Manag 41(4):337–359
Mueller SL, Thomas AS (2001) Culture and entrepreneurial potential: a nine country study of locus of control and innovativeness. J Bus Ventur 16(1):51–75
Muofhe NJ, Du Toit WF (2011) Entrepreneurial education's and entrepreneurial role models' influence on career choice: original research. SA J Hum Resour Manag 9(1):1–15
Nakara AW, Fayolle A (2013) Bad practices to supporting entrepreneurs. The case of necessity entrepreneurship. Revue française de gestion 38(228):231–251
Naqi SA, Hettihewa S (2007) Venture capital or private equity? Asian Experience Bus Horiz 50(4):335–344

Newman A, Schwarz S, Borgia D (2013) How does microfinance enhance entrepreneurial outcomes in emerging economies?. The mediating mechanisms of psychological and social capital, Int Small Bus J 0266242613485611

Ng LFY, Tuan C (2002) Building a favourable investment environment: evidence for the facilitation of FDI in China. Wiley Online Library. http://onlinelibrary.wiley.com/doi/10.1111/1467-9701.00483/pdf. Accessed 21 Oct 2013

Ngwenyama O, Morawczynski O (2009) Factors affecting ICT expansion in emerging economies: an analysis of ICT infrastructure expansion in five Latin American countries. Inform Technol Dev 15(4):237–258

O'Donnell Loretta, Kramar Robin, Dyball Maria (2013) Complementing a positivist approach to investment analysis with critical realism: challenges and a way forward. Qual Res Financ Mark 5(1):6–25

OECD (2009 and 2008) Globalisation and emerging economies. Policy brief, OECD observer, March 2009. www.oecd.org/publications/Policybriefs. Accessed 19 Sept 2013. (For the detailed report, please see: OECD (2008), Globalisation and Emerging Economies: Brazil, Russia, India, Indonesia, China and South Africa, ISBN 978-92-64-04480-7: 454 pages)

OECD (2011) Divided we stand: why inequality keeps rising? Special Focus: inequality in emerging economies (EEs). (http://www.oecd.org/els/social/inequality.htm. Accessed 19 Sept 2013)

OECD (2013) Policy implementation: legislation, public administration and the rule of law. OECD Econ Surv 2013(6):93–121

Ogbolu MN, Singh RP (2012) Addressing the recession through public policies aimed at entrepreneurial new venture creation. J Acad Bus Econ 12(1):49–59

Onifade A (2010) Improving entrepreneurship in nigeria's emerging economy. Int Bus Econ Res J 9(5)

O'Neill J (2001) Building better global economic BRICs. Global Economics Paper No: 66, Goldman Sachs Financial Workbench, 30th November. http://www.goldmansachs.com/our-thinking/archive/archive-pdfs/build-better-brics.pdf. Accessed 21 Sept 2013

Oshikoya TW (2008) Nigeria in the global economy. Bus Econ 43(1):31–43

Pandey IM (2004) Governance of higher education institutions. Vikalpa J Decis Makers 29(2)

Parsons T, Smelser NJ (1956) Economy and society. Free Press, New York

Pels J, Brodie RJ, Johnston WJ (2004) Benchmarking business-to-business marketing practices in emerging and developed economies: Argentina compared to the USA and New Zealand. J Bus Ind Mark 19(6):386–396

Peng MW (2001) How entrepreneurs create wealth in transition economies. Acad Manag Executive 15(1):95–108

Peng MW, Yamakawa Y, Lee SH (2010) Bankruptcy laws and entrepreneur-friendliness. Entrepreneurship Theor Pract 34(3):517–530

Pessoa A (2008) Educational reform in developing countries: private involvement and partnerships (No. 284). Universidade do Porto, Faculdade de Economia do Porto

Pheng LS, Giang DTH (2012) Role of marketing and construction in economic development: lessons for emerging economies. IBA Bus Rev 7(1)

Planning Commission (2012) Creating a vibrant entrepreneurial ecosystem in India. Report of the committee on angel investment and early stage venture capital, Government of India, Planning Commission, New Delhi, June. http://planningcommission.nic.in/reports/genrep/rep_eco2708.pdf. Accessed 27 Aprl 2014

Porter ME (1990) The competitive advantage of nations. Macmillan, New York

Porter M, Spriggs M (2013) Informal private equity investment networks: the role of the nexus angel. J Private Equity 16(3):48–56

Porter M, Sachs J, McArthur J (2002) Executive summary: competitiveness and stages of economic development. In: Porter M, Sachs J, Cornelius PK, McArthur JW, Schwab K (eds) The global competitiveness report 2001–2002. Oxford University Press, New York, pp 16–25

Prasad VK, Naidu GM, Ehrhardt K, Winkel DE, Murthy BK (2011) Exploring entrepreneurial fulfillment for women in India: an empirical study. J Enterprising Cult 19(03):287–314

Prater E, Swafford PM, Yellepeddi S (2009) Emerging economies: operational issues in China and India. J Mark Channels 16(2):169–187

Pruthi S, Wright M, Lockett A (2003) Do foreign and domestic venture capital firms differ in their monitoring of investees? Asia Pac J Manag 20(2):175–204

Purdy M, Davarzani L, Peppes A (2011) New waves of growth in the developed world. Thunderbird Int Bus Rev 53(2):173–188

Quinn MA, Rubb S (2006) Mexico's labor market: the importance of education-occupation matching on wages and productivity in developing countries. Econ Educ Rev 25(2):147–156

Rahaman MM (2011) Access to financing and firm growth. J Bank Finan 35(3):709–723

Rante Y, Warokka A (2013) The interrelated nexus of indigenous economic growth and small business development: do local culture, government role, and entrepreneurial behavior play the role? J Innov Manag Small Medium Enterp 1–85, 85 pp

Rena R (2007) Distance education and its potential for the red sea nation Eritrea: a discourse

Reynolds PD, William DB, Erkko A (2004) Global entrepreneurship monitor: 2003 executive Report. www.gemconsortium.org

Reynolds P, Bosma N, Autio E, Hunt S, De Bono N, Servais I, Chin N (2005) Global entrepreneurship monitor: data collection design and implementation 1998–2003. Small Bus Econ 24(3):205–231

Robinson RD (1961) The challenge of the underdeveloped national market. J Mark 25(6)

Robinson DF (2010) The co-evolution of business incubators and national incubator networks in emerging markets. J Technol Manag Innov 5(3):1–14

Roland B (2012) Innovation—how the emerging markets are driving the global innovation agenda. Think: act study, roland berger strategy consultants, September. www.docstoc.com/…/Innovation-how-the-emerging-markets-are-driving. Accessed 24 Sept 2013

Román C, Congregado E, Millán JM (2013) Start-up incentives: entrepreneurship policy or active labour market programme? J Bus Ventur 28(1):151–175

Sahaym A, Nam D (2013) International diversification of the emerging-market enterprises: a multi-level examination. Int Bus Rev 22(2):421–436

Salehizadeh M (2005) Venture capital investments in emerging economies: an empirical analysis. J Dev Entrepreneurship 10(03):253–269

Sapienza P, Zingales L, Guiso L (2006) Does culture affect economic outcomes? (No. w11999) National Bureau of Economic Research

Saracevic T, Braga GM, Afolayan MA (1985) Issues in information science education in developing countries. J Am Soc Inform Sci 36(3):192–199

Scheela W, Isidro ES (2009) Business angel investing in an emerging Asian economy. J Private Equity 12(4):44–56

Scheela W, Jittrapanun T (2012) Do institutions matter for business angel investing in emerging Asian markets? Venture Capital 14(4):289–308

Scott T, Jensen K (2008) The coupling between entrepreneurship and public policy: tight in developed countries but loose in developing countries. Estud de Economia 35(2):195–214

SEBI (2012) Amendments to SEBI (Alternative Investment Funds) Regulations, Securities and Exchange Board of India, 2012. http://www.sebi.gov.in/cms/sebi_data/boardmeeting/1373446721941-a.pdf. Accessed 27 Aprl 2014

Shane S (2009) Why encouraging more people to become entrepreneurs is bad public policy. Small Bus Econ 33(2):141–149

Shariff MNM, Peou C, Ali J (2010) Moderating effect of government policy on entrepreneurship and growth performance of small-medium enterprises in Cambodia. Int J Bus Manag Sci 3(1):57–72

Sheng S, Zhou KZ, Li JJ (2011) The effects of business and political ties on firm performance: evidence from China. J Mark 75(1):1–15

Shoebridge A, Buultjens J, Peterson LS (2012) Indigenous entrepreneurship in northern NSW, Australia. J Dev Entrepreneurship 17(03)

Singelis TM, Sharkey WF (1995) Culture, self-construal, and embarrassability. J Cross Cult Psychol 26(6):622–644

Smallbone D, Welter F (2001) The distinctiveness of entrepreneurship in transition economies. Small Bus Econ 16(4):249–262
Sobel RS (2008) Testing baumol: institutional quality and the productivity of entrepreneurship. J Bus Ventur 23(6):641–655
Sobel RS, Dutta N, Roy S (2013) Does fiscal decentralization result in a better business climate? Appl Econ Lett 20(1):84–91
Sonne L (2012) Innovative initiatives supporting inclusive innovation in India: Social business incubation and micro venture capital. Technol Forecast Soc Chang 79(4):638–647
Spechler MC (2011) How can central asian countries and azerbaijan become emerging market economies? Eastern Eur Econ 49(4):61–87
Steenkamp JBE, Hofstede FT, Wedel M (1999) A cross-national investigation into the individual and national cultural antecedents of consumer innovativeness. J Mark 63(2)
Sternberg R (2012) Do EU regional policies favour regional entrepreneurship? Empirical evidence from Spain and Germany. Eur Plan Stud 20(4):583–608
Suh T, Boggs DJ (2011) Communications infrastructure and traditional determinants of inward foreign investment: a comparison of developed and emerging markets. Competitiveness Rev Int Bus J Incorporating J Global Competitiveness 21(2):205–223
Tan J (2009) Institutional structure and firm social performance in transitional economies: Evidence of multinational corporations in China. J Bus Ethics 86(2):171–189
Tan KG, Tan KY, Chen K (2008) Relative competitiveness of 31 mainland China provinces and states of India and ten economies of association of south east Asian Nations: implications for growth and development. Competitiveness Rev Int Bus J Incorporating J Global Competitiveness) 18(1/2):87–103
Teal EJ, Toxanova AN, Martin Izzo G (2011) Entrepreneurial development in Kazakhstan: a review and update. J Int Bus Cult Stud, 5
Teece DJ (1986) Profiting from technological innovation: implications for integration, collaboration, licensing and public policy. Res Policy 15(6):285–305
Tende SBA (2013) Government initiatives toward entrepreneurship development in nigeria. Global J Bus Res 8(1):109–120
The Economist (2004) Milking it; investing in China, 373 (October 9), pp 69–70
The Economist (2008) Building BRICs of growth: record spending on infrastructure will help to sustain rapid growth in emerging economies, Economic Focus, 5th June. http://www.economist.com/node/11488749. Accessed 6 May 2014
The Economist (2013) Fiscal policy: learning to (push against the) cycle. (www.economist.com/blogs/freeexchange/2013/10/fiscal-policy. Accessed 30 Aprl 2014
Tiessen JH (1997) Individualism, collectivism, and entrepreneurship: a framework for international comparative research. J Bus Ventur 12(5):367–384
Tokin A (2010) Which South Africa in 2010: a successful emerging economy or an increasingly polarized failing society? Integr Leadersh Rev 10(3):1–8
Tonoyan V, Strohmeyer R, Habib M, Perlitz M (2006) Corruption and entrepreneurship: how formal and informal institutions shape firm behavior in mature and emerging market economies. In: Academy of management best paper proceedings, Atlanta, Aug 13–15
Tooley J (2012) Big questions and Poor economics: Banerjee and Duflo on schooling in developing countries. Econ J Watch 9(3):170–185
Tötterman H, Sten J (2005) Start-ups business incubation and social capital. Int Small Bus J 23 (5):487–511
Tracey SLP, Phillips N (2011) Entrepreneurship in emerging markets. Manag Int Rev 51(1):23–39
Trompenaars F, Hampden-Turner C (1997) Riding the waves of culture: understanding cultural diversity in business, 2nd edn. Nicholas Brearly, London
Tsai KS (2004) Back-alley banking: Private entrepreneurs in China. Cornell University Press
UNESCO (2012) Education for all global monitoring report 2012. http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/ED/pdf/gmr2012-report-ch2.pdf. Accessed 22 Mar 2014
UNESCO (2013) http://www.unesco.org/new/fileadmin/MULTIMEDIA/HQ/ED/pdf/gmr2013-thematic-notev2.pdf.pdf. Accessed 22 Mar 2014

Volpe RP, Schenck NA (2008) Small business lending environment in emerging economies: a comparison of Brazil and Russia. J Int Bus Res 7(2):13–30
Weber M (1978) Economy and society: an outline of interpretive sociology. Univ of California Press
WEF (2012a) The global competitiveness report, 2012. World Economic Forum. www.weforum.org/reports/globalcompetitiveness-report-2012-2013. Accessed 28 Oct 2013
WEF (2012b) Financial development report 2012. World Economic Forum. www.weforum.org/reports/financial-development-report-2012. Accessed 28 Oct 2013
Wennekers S, Van Wennekers A, Thurik R, Reynolds P (2005) Nascent entrepreneurship and the level of economic development. Small Bus Econ 24(3):293–309
Wigley S, Akkoyunlu-Wigley A (2006) Human capabilities versus human capital: gauging the value of education in developing countries. Soc Indic Res 78(2):287–304
Williams S (2008) Internationalization of the Curriculum: a remedy for International Students' Academic Adjustment Difficulties? Doctoral dissertation, Memorial University of Newfoundland
Williams CC, Nadin S (2012) Tackling the hidden enterprise culture: Government policies to support the formalization of informal entrepreneurship. Entrepreneurship Reg Dev 24(9–10):895–915
Wills LT, Gint AG (2000) Marketing a country: promotion as a tool for attracting foreign investment, foreign investment advisory service, Occasional Paper 13. Washington
Wong PK, Ho YP, Autio E (2005) Entrepreneurship, innovation and economic growth: evidence from GEM data. Small Bus Econ 24(3):335–350
Xavier SR, Kelly D, Kew J, Herrington M, Vorderwulbecke (2013) A Global Entrepreneurship Monitor 2012 Global Report GEM
Xheneti M, Smallbone D (2008) The role of public policy in entrepreneurship development in post-socialist countries: a comparison of Albania and Estonia. Review, EBS, p 24
Yamakawa Y, Peng MW, Deeds DL (2008) What drives new ventures to internationalize from emerging to developed economies? Entrepreneurship Theor Pract 32(1):59–82
Yaveroglu IS, Donthu N (2002) Cultural influences on the diffusion of new products. J Int Consum Mark 14(4):49–63
Yiu D, Bruton GD, Lu Y (2005) Understanding business group performance in an emerging economy: acquiring resources and capabilities in order to prosper. J Manage Stud 42(1):183–206
Yiu DW, Lau C, Bruton GD (2007) International venturing by emerging economy firms: the effects of firm capabilities, home country networks, and corporate entrepreneurship. J Int Bus Stud 38(4):519–540
Yu J, Zhou JX, Wang Y, Xi Y (2013) Rural entrepreneurship in an emerging economy: reading institutional perspectives from entrepreneur stories. J Small Bus Manage 51(2):183–195
Zahra SA, Wright M (2011) Entrepreneurship's next act. Acad Manag Perspect 25(4):67–83
Zhang J, Wong PK (2008) Networks versus market methods in high-tech venture fundraising: the impact of institutional environment. Entrepreneurship Reg Dev 20(5):409–430
Zhang Y, Zhang Z, Liu Z (2007) Choice of entry modes in sequential FDI in an emerging economy. Manag Decis 45(4):749–772
Zheng X, El Ghoul S, Guedhami O, Kwok CC (2012) National culture and corporate debt maturity. J Bank Finan 36(2):468–488
Zou H, Ghauri PN (2010) Internationalizing by learning: the case of Chinese high-tech new ventures. Int Mark Rev 27(2):223–244