

Comparative Study on the Effectiveness of Policy Support for Entrepreneurial Enterprises in Beijing and Silicon Valley Based on Institutional Trust and Its Impact on Entrepreneurial Ecology

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Abstract:

Institutional trust is a key mediating variable for entrepreneurial enterprises to perceive the value of policy support and transform policy dividends. Beijing and Silicon Valley, as typical representatives of the entrepreneurial ecology in China and the United States, have significant differences in their policy support systems and institutional trust environments. This article takes institutional trust as the core perspective, and compares and analyzes the actual effects of policy support on enterprise financing, technological innovation, market expansion, and other dimensions by sorting out the types, implementation paths, and institutional trust characteristics of entrepreneurship policy support in the two places. It also examines the differences in the impact of policy support on industrial chain matching, talent flow, and capital activity in the entrepreneurial ecosystem. Research has found that Silicon Valley relies on a trust environment of market-oriented institutions, and policy support focuses more on indirect guidance; Beijing is based on government led institutional trust, with policy support emphasizing direct empowerment.

Keywords:

Institutional Trust, Entrepreneurship Policy Support, Beijing and Silicon Valley, Entrepreneurial Ecosystem

1. Introduction

In the increasingly competitive global entrepreneurial environment, policy support has become a key method for various regions to build entrepreneurial advantages. Institutional trust is like a “cognitive bridge” between entrepreneurial enterprises and policy implementers, which directly affects the transmission efficiency and actual effectiveness of policy support. Beijing, as a core hub for entrepreneurship and innovation in China, has built a unique entrepreneurial ecosystem through extensive

policy support; Silicon Valley, on the other hand, has become a model for the global entrepreneurial ecosystem through market-oriented mechanisms and a mature and sophisticated innovation culture. The different situations in policy support models and institutional trust environments between the two regions provide indicative examples for conducting research on the interaction between entrepreneurial policies and entrepreneurial ecosystems.

2. Policy Support System and Institutional Trust Characteristics for Entrepreneurial Enterprises in Beijing and Silicon Valley

2.1. Policy Support System and Institutional Trust Characteristics for Entrepreneurial Enterprises in Beijing

With the government as the leading force, Beijing's entrepreneurship policies support the construction of a "top-level design+layered implementation" system. At the level of financial support, the government leverages platforms such as the Beijing Entrepreneurship Investment Guidance Fund and Zhongguancun Development Group to directly engage in capital supply work. For early-stage start-up enterprises, the government provides research and development subsidies of up to several million yuan and waives venue rent; In terms of talent support, we rely on "Zhongguancun High end Leading Talent Plan", "Beijing Overseas High level Talent Plan" and other related plans to provide preferential treatment covering registered residence, housing, children's education and other contents for entrepreneurial talents; In terms of service support, we provide "one-stop" policy consulting services and technology transfer services through institutions such as Zhongguancun Science and Technology Park and entrepreneurship service centers in various districts and counties.

From the perspective of the characteristics of institutional trust, the institutional trust in Beijing is centered around government credibility, and the trust that entrepreneurial enterprises have in policies is mostly due to the authority of the government and the density of policies displayed. Especially in terms of policy transparency and consistency in implementation, enterprises have a high level of trust in policy documents published by government departments and implementation standards. However, there is a lack of trust in feedback response. Some small and medium-sized enterprises have indicated that the feedback channels are not smooth enough, and the policy adjustment cycle is relatively long, making it difficult to quickly match the dynamic needs of enterprises. In addition, the level of trust that enterprises have in market-oriented service institutions is relatively low, and they are more willing to rely on service channels led by the government.

2.2. Policy Support System and Institutional Trust Characteristics for Silicon Valley Entrepreneurial Enterprises

Silicon Valley's policy support for entrepreneurship adheres to a market-oriented principle, with the government focusing on indirect guidance and creating an entrepreneurial environment. In terms of financial support, the federal and state governments do not frequently provide direct subsidies, but instead use tax incentives to encourage capital with market attributes to flow into entrepreneurship related fields; In terms of venue and infrastructure support, innovation parks jointly built by universities, research institutions, and private capital can provide shared spaces and equipment rental services with market characteristics; At the level of talent support, by simplifying the visa application process for high skilled talents and promoting

cooperation between universities and enterprises in running schools, we can promote the rational flow of talents; In terms of service support, it is mainly provided by industry associations and third-party professional service organizations, and the government only undertakes the responsibility of building a docking platform.

The characteristics of its institutional trust are reflected in the dominance of market-oriented trust. Entrepreneurial enterprises' trust in policies does not come from direct government intervention, but from recognition of the market-oriented logic elements contained in the policy-making process, the fair nature demonstrated in the implementation process, and the flexible state in the feedback stage. In terms of policy transparency, companies tend to trust policy interpretations conveyed through industry associations and professional institutions.

3. Comparison of Policy Support Effectiveness between Beijing and Silicon Valley Based on Institutional Trust

3.1. Comparison of the Effects of Policy Support on the Development of Entrepreneurial Enterprises

From the perspective of the effectiveness of corporate financing, the policy support implemented by Beijing is more conducive to early-stage enterprises starting businesses, relying on government led funding support and higher institutional trust. The average time for early-stage start-up enterprises in Beijing to obtain initial financing is 3-6 months shorter than in Silicon Valley. Especially in fields such as hard technology and biomedicine that place great emphasis on research and development, government subsidies effectively alleviate the financial pressure faced by enterprises. However, in the subsequent rounds of financing, companies in Silicon Valley are more likely to receive support from market-oriented capital, as Silicon Valley companies have higher trust in venture capital institutions and local tax incentives can incentivize capital to continue investing. In contrast, some enterprises in Beijing lack sufficient trust in market-oriented capital and overly rely on government funds, resulting in relatively weak financing capabilities in the future.

In terms of technological innovation effectiveness, both regions have their own advantages. Beijing, with the help of government led technology transfer platforms and relevant policies for cooperation with research institutions, has encouraged entrepreneurial enterprises to carry out technology docking work with universities and research institutes. The number of patents in cutting-edge technology fields such as artificial intelligence and quantum information has shown a relatively rapid growth trend, mainly due to the high trust of enterprises in the technology cooperation channels established by the government. Silicon Valley relies on the market-oriented trust of enterprises in universities and research institutions to build an efficient innovation chain of "university research and development+enterprise transformation". Its technological achievements have a faster conversion rate and have more prominent advantages in business model innovation, because enterprises trust technology research and development guided by market demand.

In terms of market expansion effectiveness, the policy support implemented by Beijing is more helpful for enterprises to explore the domestic market. The government leverages the participation of start-up enterprises in various domestic and international exhibitions and the establishment of service platforms such as "Beijing Enterprises Going Global" to assist enterprises in connecting with government

procurement and cooperating with large state-owned enterprises. Enterprises have a high level of trust in government led market docking channels, so the probability of successful market expansion is relatively high. Silicon Valley companies rely on the international resources provided by market-oriented service agencies to easily enter the global market. They also have a high level of trust in third-party market research institutions and international trade platforms, and can quickly adapt to market rules in different countries. However, when entering emerging markets, they lack direct support from the government.

3.2. Comparison of the Impact of Policy Support on Entrepreneurial Ecology

In terms of the impact on the supporting capacity of the industrial chain, Beijing has built local industrial chain advantages through policy guidance. The government has taken measures such as planning the Zhongguancun Artificial Intelligence Industrial Park and the Beijing Economic and Technological Development Zone Biomedical Industrial Park to encourage similar entrepreneurial enterprises to gather together, while also promoting cooperation between large enterprises and entrepreneurial enterprises. Due to the trust attitude of enterprises towards the government's industrial planning, they actively participate in the cooperation of the industrial chain and create a supporting network from research and development to pilot testing in the field of hard technology. However, the level of market-oriented cooperation in the entire industry chain is relatively low, and some supporting enterprises rely on subsidies provided by the government to survive, with relatively weak ability to resist risks.

With market-oriented trust, Silicon Valley has built a more complete industrial chain ecosystem, where start-up companies cooperate with upstream and downstream enterprises based on long-term market trust. Even without government guidance, they can spontaneously establish a collaborative network. For example, start-up companies focused on chip design can quickly connect with surrounding wafer manufacturing and packaging testing companies. In addition, the industrial chain in Silicon Valley has a high degree of flexibility, allowing companies to quickly adjust their partners based on market demand. Moreover, universities and research institutions are deeply involved in the innovation of the industrial chain, providing continuous technical support to start-up enterprises. The achievement of this situation is due to the high level of trust that enterprises have in market-oriented collaboration mechanisms.

In terms of the activity level of talent mobility, the policy support measures implemented by Beijing have effectively attracted domestic talents, but there are obstacles in international talent mobility. Thanks to the policy incentives provided by the "Talent Introduction Plan", Beijing has attracted a large number of domestic college graduates and experienced corporate executives. However, some international talents have chosen to adopt a wait-and-see attitude due to a lack of sufficient trust in the stability of visa policy implementation. In contrast, Silicon Valley has successfully attracted top talents from around the world through simplified visa policies and a market-oriented talent mobility system. Moreover, the mobility of talents between startups, universities, and mature enterprises does not require government intervention. Based on the trust of talents in market opportunities and career development, its mobility efficiency is much higher than that of Beijing.

In terms of capital supply efficiency, Beijing's government guided funds have successfully stimulated the vitality of early capital, but the activity level of market-oriented capital is relatively lacking. Due to the high level of trust that enterprises

have in government funds, the supply of early capital is relatively abundant. However, venture capital institutions have a high degree of dependence on policies, and their investment enthusiasm will decrease when the economy fluctuates. On the contrary, Silicon Valley, with its tax incentives and mature exit mechanisms, encourages continuous investment of market-oriented capital. Moreover, the capital side and entrepreneurial enterprises form a stable cooperation model based on long-term trust relationships. Even in the downward stage of the market, high-quality entrepreneurial enterprises can still receive capital support, and their capital supply is more stable and efficient than Beijing's.

From the perspective of innovative cultural atmosphere, the policies introduced by Beijing have gradually increased the acceptance of failure through rewarding outstanding entrepreneurial enterprises and organizing entrepreneurship competitions. However, the overall cultural atmosphere is still relatively conservative, and enterprises adopt a cautious attitude towards high-risk innovation activities due to concerns about policy evaluation. In contrast, Silicon Valley's policies do not directly interfere with cultural development, but indirectly incentivize innovation and trial and error through implementing tax incentives and providing legal protection. Moreover, companies have a high level of trust in the market and are more willing to try disruptive technologies and business models, thus creating a cultural atmosphere of "encouraging innovation and embracing failure", and their innovation vitality is stronger.

4. Analysis of the Differences in Policy Support Effectiveness and Ecological Impact between Beijing and Silicon Valley

4.1. Differences in institutional environment: Different positioning of government role and market mechanism

The institutional environment in Beijing is characterized by government led resource allocation, and the government plays a crucial role in the formulation and implementation of entrepreneurship policies. This model has the advantage of quickly concentrating resources to support key areas, but it also results in a high level of dependence of enterprises on the government, and makes the trust foundation of market-oriented institutions appear relatively weak. In contrast, the institutional environment in Silicon Valley is centered around market mechanisms, with the government only responsible for maintaining market order and providing public services, and resource allocation primarily driven by the market. In such an environment, entrepreneurial enterprises will have more trust in the professional capabilities and efficiency possessed by market-oriented institutions, and build a diversified trust network.

4.2. Cultural Background Differences: Differences in Trust Sources and Cooperative Logic

Under the influence of collectivism and authoritative culture, Beijing's entrepreneurial culture often favors trusting authoritative government agencies, believing that policies and services led by the government have higher reliability; In contrast, the entrepreneurial culture in Silicon Valley has developed from individualism and innovative spirit, with companies placing greater trust in collaborative models based on market rules and professional capabilities, believing that market-oriented institutions can better meet the actual needs of the enterprise. In

addition, the "cooperation and sharing" culture formed by the long-term development of Silicon Valley has kept the cost of trust between enterprises, universities, and capital parties at a relatively low level. However, there is still a certain degree of competition barriers among entrepreneurial entities in Beijing, and the level of cooperation and trust is relatively low, requiring government promotion to achieve collaborative cooperation.

4.3. Differences in institutional capacity: Efficiency differences in policy implementation and service provision

The policy implementation agencies in Beijing have shown significant results in terms of the speed and breadth of policy implementation, but there are deficiencies in the professional level and flexibility of their services. Some policy implementers lack specialized knowledge in the field of entrepreneurship, making it difficult to provide accurate services, which affects the feedback, response, and trust of enterprises. In contrast, the policy implementation and service supply in Silicon Valley are mostly handled by market-oriented institutions, which have accumulated rich and diverse entrepreneurial service experience, can quickly respond to the needs of enterprises, and the service content has highly personalized characteristics, enabling enterprises to have higher levels of feedback, response, and trust.

5. Conclusions

To achieve the goal of optimizing entrepreneurship policies and improving the quality of the entrepreneurial ecosystem, Beijing needs to establish a sound trust system for market-oriented institutions, ensure smooth channels for enterprise feedback, enhance flexibility in policy implementation, and improve professional service standards. At the same time, Silicon Valley can appropriately increase its direct support for early-stage hard tech companies and reduce the obstacles faced by innovation. In future research, we can delve into the differentiated requirements of entrepreneurial enterprises in different industries and at different stages of development for institutional trust, providing more detailed reference for the precise design of policies.

Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this article.

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