

EU attitudes of business owners: What drives Dutch entrepreneurs to support European integration?

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1 Introduction

Public attitudes have an important impact on European integration. In the years of the “permissive consensus”, citizens passively followed elite agreements on European integration (Dalton & Eichenberg, 1993; Gabel & Palmer, 1995; Hooghe & Marks, 2005). But those days are long over: through the rejection of the Constitutional Treaty in France and The Netherlands (2005) and the Lisbon Treaty in Ireland (2008, 1st referendum)¹, we have recently witnessed that public opinion matters and can even halt the progress of the European project. The Lisbon Treaty (previously named the Constitutional Treaty) entered into force three years later than planned and its contents and name were modified.

Referendums are the most obvious example for public attitudes to become apparent. The Constitutional Treaty was the first treaty in the Netherlands that was not ratified by parliamentary vote, but where a referendum was used. This was mainly due to domestic political pressures (Nugent 2010, p. 74). In the event, 61,5% of the Dutch voted “no”. The main reasons for this were the perceived threat of the EU to Dutch culture, dissatisfaction with national politics and a negative attitude towards Turkey’s EU membership (Lubbers, 2008, p. 75-78)

Besides referendums, citizens (including business owners) also have an impact on European integration through voting in national² and European elections or through lobbying (Gabel, 1998, p. 333; Gabel and Whitten, 1997, p.81). Moreover, public attitudes can be reflected in party politics with parties promoting further integration or advocating termination of EU membership (Nugent, 2010, p. 272). Finally, public opinion influences the behaviour of governments with regard to bargains struck by them in the Council, especially when national interests are at stake or issues that can count on strong domestic backing, such as decreasing the “net contribution” paid to Brussels (ibid; Anderson, 1998, p. 570-571).

¹ Earlier in history the Maastricht Treaty was rejected by popular vote in Denmark (1992) and the Nice Treaty in Ireland (2001)

² National elections in the sense that elected national representatives are responsible for (co)-deciding most important EU matters. This is a very indirect influence, because of the distance of national elections from the EU “voters elect legislatures, from which governments are formed, which send representative to EU summits and Council meetings”. The EU usually is not a very important issue in national elections (Nugent, 2010. P. 270)

The core of the European Union is and always has been the internal market (e.g. Anderson & Reichert, 1996; Hooghe & Marks, 2004). An area where goods, services, capital and persons can move around freely. The 1957 Treaty of Rome (article 2) establishing the European Economic Community already called for the “establishment of a common market and approximation of the economic policies of the member states” (later renamed to the “internal market” or “single market”). Also today, EU law is still primarily economic in character, although other policy spheres have been added along the years (Nugent, 2010, p.212). Market-based legislation such as the removal of barriers to trade, the harmonisation of product standards, the liberalisation of the services sector and competition rules directly affect companies as does market-related legislation such as environmental legislation and consumer protection. It can make it cheaper and easier to do business across borders, but on the other hand, it can also lead to the adjustment of business processes or increased competition. In any case, businesses are directly affected by the essentially market-based nature of EU law-making.

Since businesses have been the strongest promoter and engine of the Single Market (Monti, 2010, p.27) and the vast majority of EU legislation concerns them, their support for the European project seems vital. Moreover, Dutch business owners form a substantial part of the general population. In the Netherlands, there are almost 1,2 million entrepreneurs (KvK business register, January 2014) on a population of almost 17 million citizens (13 million voters). Consequently, determining the level of support for European integration of entrepreneurs (or level of euroscepticism), as well as understanding the determinants affecting this support, is an important piece of information for the future path of European integration of the Netherlands.

Providing an overview of the main characteristics of the Dutch business population: 95% are micro-enterprises³ (1-9 employees), 4,2% are small enterprises (10-45 employees), 0,6% are medium-sized enterprises (50-249) and only 0,1% are large enterprises (>250). The division over sectors is: Agriculture & Fisheries 5%, Construction 12%, Industry 5%, Commerce 17% and Services 61%.

Entrepreneurs are defined as owners/managers of incorporated businesses and the self-

³ The self-employed (0-1 employees) comprise approximately 63% of the micro category and 60% of the total number of enterprises.

employed. They supply goods and services against a certain price, regularly take part in economic transactions, have more than one client (independence) and can run their business at their own discretion (KvK, 2014). Another essential feature of entrepreneurship is the running of entrepreneurial risk. In this report, I use the terms entrepreneur and business owner interchangeably.

A large body of research examines the factors that influence support for European integration among citizens. It has become clear that this support can be explained by a multitude of variables, with in particular strong empirical support for the utilitarian⁴ and identity variables. However, remarkably, little to no academic research has been done into attitudes of entrepreneurs towards European integration. The variable “self-employed” or “small business owner” has sometimes been included in studies as an occupational variable to see how it correlates with EU support but the results differed. In one study a positive relation was found (Gabel and Palmer, 1995), in another a negative relation (Gabel, 1998) and in others it was non-significant (McLaren, 2002, 2007; Mau, 2005). Without further analysis it remains unclear how EU attitudes of entrepreneurs are shaped and if there is a difference in the level of EU support of entrepreneurs and the general population and why. Furthermore, no studies looked into specific features of entrepreneurs’ businesses such as size classes or the role of internationalisation.

Therefore, the main question this research investigates is “*What drives Dutch entrepreneurs to support European integration?*”. In addition, I explore if business owners are more supportive of European integration than the general population and why. In answering these questions, I draw on the different theories that explain individual level support for European integration: the cognitive mobilisation, utilitarian/economic, political and information bias approaches and extend them to entrepreneurs. I posit that entrepreneurs are primarily driven by economic/cost-benefit evaluations (especially those that directly relate to European integration) and that entrepreneurs are more supportive of European integration than the general public.

This research aims to quantitatively examine EU attitudes of Dutch business owners in order

⁴ Utilitarianism refers to a “calculated appraisal of the immediate **costs and benefits**” (Inglehart & Reif 1991:7). Rational choice theory (a derivation of utilitarianism) ended up in EU attitude research via the adoption of economic determinants (Van Klingeren et al., 2013, p.4)

to explain what motivates them to support or reject European integration. It seeks to enhance our understanding of the formation of EU attitudes of an important segment of the Dutch population and reveals the implications this has for elites and the progress of European integration. This study is limited to EU attitudes of Dutch business owners and therefore only inferences to the Dutch business owner population are made. The research is cross-sectional and attempts to explain differences between individuals (and groups in the case of comparison with the Dutch population). Therefore, no cross-national or longitudinal comparisons are drawn.

Earlier public opinion research on European integration employed the concept of “EU support” or “support for European integration”, measured by various indicators. Recently, the term “euroscepticism” increasingly holds sway (e.g. Jasper and Lubbers, 2011). It is usually compounded of the same items that were hitherto applied to EU support, but in reversed coding (Boomgaarden, Elenbaas, Schuck, & de Vreese, 2011, p.241). Euroscepticism refers to a critical attitude about Europe or European integration. (Hooghe & Marks, 2007, p. 120). Szczerbiak and Taggart (2002, p. 27) take this a step further and make the distinction between “soft” and “hard” euroscepticism, to distinguish between those who are against European integration in principle (“unqualified opposition”) and those who are against European integration because of the way it is structured (“qualified opposition”). I mainly use the term “EU support” and “support for European integration”, but it is helpful to be aware of the concept on the other side of the same coin.

The following chapter of this study, first reviews the literature on public attitudes towards European integration. In the third chapter, I extend and build a number of theories to predict business owner support for European integration and specify hypotheses based on the main theoretical frameworks. In the fourth chapter I elaborate on data, variables and methodology. In the fifth chapter, I statistically test the hypotheses by running a series of ordinal logistic regression models, using KvK Entrepreneurs panel (May 2013) and Eurobarometer survey data (Spring 2013) and present and analyse the results. The sixth and final chapter summarises and discusses the main findings and implications. In addition, recommendations for further research into entrepreneurs’ attitudes towards European integration are suggested.

2 Review of the literature

2.1 Cognitive mobilisation and political value approaches

The first approach to be reviewed is Inglehart's theory of a Silent Revolution. On the individual level Inglehart (1970, 1978) considers two predicting variables for explaining support for European integration: political skills and political values. In the first theory Inglehart (1970) introduces the concept of *cognitive mobilisation*. He defines the cognitive mobilisation process as: "the increasingly wide distribution of political skills to cope with an extensive political community" (p. 47). His argument is based on the assumption that a rather high-level of political awareness is necessary to identify with a distant and abstract political community as the EEC as well as to process media messages concerning it, making it less intimidating and more familiar. These political skills increase with the level of formal education. Thus, he expects a higher level of political skills, measured by formal education (or the more direct indicator asking about the frequency of political discussion)⁵, to lead to more support for EU integration. In survey data from 1963 and 1968 Inglehart finds support for his hypothesis, after controlling for a number of other factors (e.g. foreign travel, income, age, sex, perceived benefits). A point of criticism to these studies is that they only included a small number of control variables, possibly obscuring intervening relations.

In the second theory, Inglehart distinguishes "materialist" and "postmaterialist" value orientations (Inglehart 1978, p.87). Materialists are mainly concerned by economic and physical security and post materialists by intellectual achievement, belonging and self-realisation. He argues that European integration, an abstract, cosmopolitan issue, better matches with post-materialist value orientations, since it satisfies postmaterialists' intellectual needs as well as their need for belonging. Therefore, postmaterialists have a more positive stance on European integration. Empirical testing with data from surveys conducted in 1970 and 1973 supported these assertions⁶.

While the first approach has received substantial support in later research (Anderson, 1998;

⁵ In Inglehart, R. & Rabier J.R. (1978: 88) cognitive mobilization is measured by "frequency of political discussion" with the same results (p. 78). Frequency of political discussion is an indirect measure of political skills (cognitive mobilisation) and presumes that people that are knowledgeable about politics are most inclined to discuss it.

⁶ Inglehart, The Silent Revolution, Chaps. 2, 11, 12 examine these approaches further.

Carey, 2002; Janssen, 1991; Gabel 1998 for original 6 MS), the second approach has largely been discredited as a valid explanation for EU support (Janssen 1991; Anderson, 1996 & 1998, Gabel 1998). Janssen (1991:458) finds that when value-orientation is controlled for by political skills, there is no sign of a relationship. He believes this is due to the fact that for a post-materialist the EU is a construct that fulfils higher intellectual needs, while for a materialist it is an economic vehicle. In short, post-materialists are more supportive about European integration, because they have a higher skill level and not because of the values they have.

2.2 Economic and utilitarian approaches

Eichenberg and Dalton (1993) examine the impact of national economic conditions (GDP, inflation, unemployment) on support for European integration. They posit that the EU, a major economic actor, has committed to increase the welfare of the member states and that therefore citizens evaluate in how far it has achieved this goal by taking into account the indicators that measure national welfare. Earlier research had already shown that citizens assess national political institutions on the basis of the evaluation of economic conditions (Dalton and Eichenberg 1993 citing Lewis-Beck, 1988 and others). Dalton and Eichenberg extend this “economic voting model” towards the EU level. They find that inflation is the most robust influence, with both unemployment and GDP also showing their expected relations (although less statistically significant), and conclude that national economic conditions are indeed correlated with support for European integration. However, in their research into economic conditions and perceptions, Gabel and Whitten (1997) comment that only inflation had a significant effect in Eichenberg & Dalton’s research (p. 82). Moreover, in their own research none of the economic conditions reaches statistical significance, while subjective personal and national economic evaluations do.

Gabel & Palmer (1995) argue that variations in citizens EU support can be explained by perceived costs and benefits. Contrary to earlier research that relates EU support to how the general economic situation is perceived, Gabel & Palmer (1995) predict that the EU is rather evaluated in terms of the personal potential to gain from policies it implements such as the free movement of goods, labour and money (“policy appraisal model”). EC policies are just one of the elements that have an impact on the personal and national economy (current as well as prospective) and therefore they assert, and demonstrate, that citizens will not principally

attribute economic welfare to the EU.

On the individual level they specify three hypotheses. Firstly, the EU removes barriers to the movement of labour. They expect support for European integration to increase with occupational skill and education level since these factors favour international labour mobility and the ability to adapt to changing economic circumstances (“human capital hypothesis”). Secondly, they expect that support increases with the level of income, because the more affluent benefit to a larger extent from the free movement of capital and low inflation, two policies the EU promotes. On the other hand, people with a lower income are more dependent on social welfare spending which EU policies constrain and will therefore be less supportive of European integration (“capitalist hypothesis”). Finally, people that reside in border areas are thought to experience more gains due to a higher level of cross-border economic relations such as trade and labour (“proximity hypothesis”).

Pooling cross-sectional data from 1973-1989 from a large number of countries, they find that national and personal economic evaluations (see Dalton and Eichenberg’s “economic voting model” as cited in Gabel & Palmer, 1995, p. 4) are indeed weak predictors of EU support as opposed to perceived national benefit which shows a very strong positive relation. When the subjective measure (“proxy”) of national benefit is replaced by objective measures (education, income, occupation), they find an even stronger positive relation, confirming all three hypotheses. However, the proximity effect is relatively small. Business ownership is included as one of the occupational variables showing a small positive relation. Because of these results, Gabel & Palmer (1995, p. 13) suggest that it would be wise for national and EU politicians to take well into account how EU integration unequally influences citizens’ economic welfare when making EU policy given the democratic accountability of elected officials to their publics. Finally, they point out that support for EU integration will hinge on the EU’s capacity to satisfy individual economic interests and not only those of the nation (although many respondents will associate national benefit with personal benefit p.18).

Anderson and Reichert’s (1996) research, that analyses economic benefits on the individual and national level, supports Gabel and Palmer’s (1995) findings regarding education and income level, across nations and across time. However, one point of criticism is that Gabel & Palmer’s study lacked a number of control variables such as cognitive skills, but when these controls were included in a later study (Gabel, 1998), the utilitarian hypotheses (based on

income, education, occupation) remained a strong explanation for support, across all nations and time periods. The border region hypothesis, however, is not found to be valid for the original six member states (p.348).

Another study by Mau (2005) builds upon previous utilitarian arguments and approaches of “winners” and “losers” of European integration and the impact on support. Contrary to earlier research, he places emphasis on perceived personal benefits of European integration, because previously used indicators do not reveal if people credit (or blame) their socio-economic advantages or disadvantages (occupation, education) to the impact of European policies. From a model that combines perceived country benefit, personal benefit and various socio-demographic and socio-economic characteristics, he discovers that perceived (subjective) personal benefits are considerably more powerful in explaining support for European integration than are objective socio-economic variables such as education and occupation. Perceived country benefits are also important, but not to the same extent as personal benefits (but more than the socio-economic variables). Another important finding is that differences in support for European integration between occupations (e.g. self-employed, skilled worker) can mainly be attributed to perceived individual benefits (p. 304). A drawback of this study is that income is not included as a variable, making the claim that people’s objective social position does not coincide with their self-assessment of benefits, based on rather limited evidence.

2.3 Political approaches

Then there are a number of studies that address political variables related to support for European integration. Anderson (1998) examines the domestic political variables that influence public attitudes towards European integration. He argues that European citizens are largely ignorant about even the most basic features of European integration. If they are so ill informed, he wonders how citizens can answer questions about economic benefit of EU integration accurately (p. 573). He believes that citizens compensate for the aforementioned gap in knowledge by using proxies related to domestic politics they are familiar with, when answering survey questions on European integration. He expects citizens to use the following three proxies: domestic political system support, government support and established party support. He assumes that from the viewpoint of a citizen, (1) European integration can be conceived as a combination of political institutions (2) a recurrence of political summits of

which the member states are part and (3) a political issue on which parties differ, hence the three chosen proxies. He expects that economic performance evaluations are mediated by these attitudes towards domestic politics.

Anderson (1998) finds strong support across countries that satisfaction with domestic democratic institutions (system support proxy) increases support for European integration. It is also the most powerful variable investigated. He finds weaker support for the thesis (statistically significant in about half of the countries) that followers of establishment parties are more positive of EU integration and almost no support for the thesis that supporters of government parties are more supportive of EU integration. The evidence also suggests that economic performance evaluations are mediated by domestic political variables, since they become weaker and statistically less significant when considered together with the political variables⁷. However, Anderson does not control for supranational variables. If variables relating to the opinion on European institutions enter the ring, the result between evaluation of the national political system and support for European integration are opposite of what Anderson finds (Sanchez-Cuenca, 2000: 153).

Sanchez-Cuenca (2000) examines the interaction between national and supranational political variables to explain support for European integration. He argues that political factors need to be taken into account aside economic ones to understand European integration more fully, since the national economic impact of European integration works through political channels (e.g. EU law, institutions). According to his “institutional hypothesis” (p. 152), a citizen’s support for European integration increases with a more positive assessment of European institutions and a more negative assessments of national institutions. The reasoning behind this is that, in the minds of citizens, the opportunity costs of transferring sovereignty to the supranational level are low when national institutions are seen as ineffective and supranational institutions as effective. To assess institutional performance, questions about trust in and influence on institutions are used (in contrast to Anderson, 1998 where satisfaction with democracy is used, p.161) . Sanchez-Cuenca (2000) finds that when evaluations of national institutions, European institutions and benefits are all three included in the results, the evidence supports the hypothesis as predicted. The European and benefit variables are more influential than the national ones. If only the national variables are

⁷ Important to note here is that Anderson only uses variables related to national and personal economic assessments in his model and not direct utilitarian variables (country or personal benefit)

included, one would see a reverse relationship: a positive relation between national institutional performance and EU support (see Anderson, 1998). When Sanchez-Cuenca replaces the dependent variable for EU support from “pace of integration” to “membership”(p165), the national variables become non-significant raising doubts on this theory. Furthermore, many variables that have shown an influence on support for European integration are not included in his analysis, potentially hiding intermediate and spurious relationships.

Rohrschneider (2002) examines the link between the democratic deficit of the EU and support for European integration. He points out that political representation concerns both a substantive element (economic output) as well as a procedural element. Since individuals seldomly are entirely satisfied with what they receive, he argues that (p. 464): “what counts to a considerable degree, is the belief that institutions provide a fair articulation of one’s interest” (procedural element). He predicts that EU support decreases when perceptions of under-representation by the EU are present in citizens. Furthermore, he believes that citizens will raise doubts how well their interests are represented when national institutions are not performing well (e.g. corruption, ineffectiveness) and consequently, that this has an impact on how they evaluate the shortcomings of the EU in representing their interests. Therefore, he posits that the impact of under-representation on EU support is mediated by national institutional quality.

From the results of Eurobarometer surveys of 12 countries, he finds that EU support decreases when citizens feel that their interests are not properly being represented by the EU and that this effect is particularly powerful in countries where institutions work well. The relationship remained a strong predictor of EU support after controlling for national and personal economic evaluations and many other predictors of EU support (e.g. satisfaction with EU and national democracy, interest in EU politics, education). According to Anderson, the reason that the institutional quality variable only has a one-sided mediating effect, is because the net-quality difference between national and European institutions is largest when national institutions work well. When national institutions are seen as ineffective, “...the EU representative ability may be seen as an asset rather than a liability (p. 466)”

Contrary to Anderson (1998) and Sanchez-Cuenca (2000), Rohrschneider (2002, p. 467) finds an insignificant (negative) relation between satisfaction with national democracy and EU support, suggesting that national democracy is not a relevant factor when evaluating EU support.

Finally, in their research into trends of euroscepticism in European countries and regions, Lubbers and Scheepers (2010) investigate a number of changes over time in left-right placement. They predict that people on the political right expect that liberal market policies of the EU will bring benefits and therefore will be less eurosceptical. They indeed find that people on the left of the political spectrum are more eurosceptical than people on the right (instrumental euroscepticism, p.809). However, they also point out that extreme left-wing and extreme right-wing parties are frequently opposed to European integration and that when this is the case people on these sides of the political spectrum are more negative about European integration, than people with a more average position (curvilinear function) as has been shown in various research.

2.4 Identity approaches

Since the 2000's a number of studies have researched the impact of identity variables on support for European Integration. Carey (2002) investigates the importance of national identity in explaining support for European integration. He predicts that through the increased visibility of transfer of competences (e.g. EMU) from national to EU level in the past decades, national identity sentiments decrease support for European integration (p. 390-392). Carey considers and evaluates three approaches to national identity. Firstly, he posits that an increase in the strength of an individual's relation to his or her own country, leads to a decrease in EU support ("strength of sentiment towards one's own nation"). Secondly, he believes that people that feel an attachment to Europe, are more positive towards European integration ("European attachment"). Thirdly, he posits that people that fear the consequences of European integration to their national identity, culture or language will have a negative opinion about European integration ("cultural threat"). Carey uses the results of Eurobarometer 54.1 (Nov/Dec2000) that includes the necessary identity variables and sets up ordered logit estimates for three models of national identity. In addition, economic expectations (prospective), income, education, occupation and political interest variables are taken into account. Carey (2002, p. 403) finds evidence for all three national identity

conceptualisations, supporting the thesis that identity is an important factor in explaining EU attitudes⁸. Interestingly, with regard to the second conceptualisation attachment to the nation does not need to have a negative effect on EU support if also a strong attachment to Europe is present. The economic variables also show their expected influences. However, a much stronger increase is noticeable in national economic expectations than personal ones. Education, gender and upper levels of income also show a significant relation as well as the political interest variables.

In another study conducted at the same time, McLaren (2002) investigates the importance of perceived cultural threat on attitudes towards EU integration which she defines as (p.551): “the degree of antipathy toward other cultures stemming from nationalistic attachments”. According to her this variable has been neglected in previous research that mostly focused on cost/benefit calculations. She includes perceived cultural threat indicators to models from previous research (cost-benefit such as income and occupation, cognitive mobilisation). McLaren finds that cost-benefit motivations (self-interest) and perceived threat are virtually equally powerful in explaining support for European integration. She claims that for the latter less sophisticated attitude, less EU knowledge is necessary since it involved a more emotional reaction.

Finally, Hooghe & Marks (2004) evaluate the relative weight of economic and identity explanations of support for European integration. Citizens who see themselves as exclusively national are thought to have a much more eurosceptical stance than citizens that do not (p. 417). Furthermore, they theorize which factors determine the likeliness a citizen sees itself as exclusively national. They predict that the more national elites in a country are divided, the more exclusive national identity will be a salient issue in opposition to European integration. Elite disagreement is believed to activate exclusive national sentiments.

The findings indicate that both economic (such as personal and national economic prospects, income) and identity factors matter, but that identity seems a stronger factor with 15% against 20,8% of variance explained. While national attachment shows a positive effect on support for European integration, exclusive national identity indicates a large negative effect, the largest in the model. This is in line with expectations about the conceptualisation of national identity.

⁸ In an ordered logit model the strength of the relation cannot be derived from the coefficients (Long, 1997 as cited in Carey, 2002)

Finally, they find a large difference in causal power of exclusive identity in different countries. In countries with divided elites and extreme right parties, exclusive identity has a stronger effect on individual EU support, supporting the hypothesis.

2.5 Information effects

Earlier research by Inglehart (1970) already showed that there is a positive relation between information and support for European integration. Clark and Hellwig (2012) took this dimension of EU attitude research a step further by investigating the relation between information effects and support for European policy competences. Information effects are defined as (p.540): “the bias in collective opinion owing to less than optimal levels of political knowledge”. They claim that the complex multilevel decision-making structure, as well as the shortage of media information and political discussion compared to national level, are important reasons for the presence of information biases amongst EU citizens. Besides this, they expect an increase in support for European policy control when citizens are more informed. Citizens would be more aware of the national and personal benefits the EU brings, such as access to markets and EU efforts in combatting illegal immigration. The better informed would also be less sensitive to statements from Eurosceptical elites since they would be able to distinguish fact from fiction when it comes to what can be attributed to EU competence.

Clark and Hellwig (2012, p. 542) following Delli, Carpini and Keeter (1996) portray political information as “facts about a political system that are stored in an individual’s long term memory and can be recalled to identify, interpret and understand political events”. With regard to the EU political system, they measure political information by constructing an index from a number of true/false questions from Eurobarometer 62.0 about the EU’s history and institutions. Their results reveal that information effects exist and have a substantial impact on support for EU competency among almost all policy areas. A 10 percent increase in support is found for a fully informed public on average. However, the assumption that information has a *larger* impact on support for EU competence in the single market area is not supported by the evidence. They think that this is because economic benefits are already quite visible to the public. Therefore, it is suggested that the effect of a better informed public will be larger in areas where EU activity is less known to citizens.

2.6 Multitheory approaches

Finally, a number of approaches combine a variety of models in the same study. Gabel (1998) examines why citizens differ in their support for European integration and conducts empirical testing of five individual-level theories of support for European integration (cognitive mobilization theory, political values, utilitarian, class partisanship and support for government) across EU countries and time periods. Controls were used for age, gender and occupation.

The results indicate that both the utilitarian (income, education, financial capital, occupational skill level) and class partisanship approaches offer a strong explanation for support, across all nations and time periods (the border region hypothesis was not valid for the original six member states). Support for government also appears to be a strong predictor with the exception of the original 6 member states in the period after adoption of the Single European Act. Cognitive mobilisation and political values are only supported by the evidence from the citizens of the original six member states' and have a small impact. With regard to impact, the most powerful explanation comes from the utilitarian theory. The effects of cognitive mobilisation and political values on support for European integration are only limited, in the cases where it supported the theory. The impact of class partisanship is also small except in later member states and before adoption of the Single European Act. Overall, the importance of the support for government theory is also limited, with a larger impact in the Member States that more recently joined the Union.

Hooghe & Marks (2005) evaluate how well support for European integration can be explained by economic theory and identity theory and how these two explanations are cued by elites. They found that all three theories (economic, identity and political cues) are important with the identity theory being the most important. Both the effect of economic calculus, as well as identity, is shaped or activated by elites ("politically cued"). Exclusive national identity is an important explanatory variable in support for EU integration, but to what extent depends on the division of elites in the country concerned. The larger the division of national elites, the more people are prompted to oppose European integration. This is especially the case in people who feel their identity is exclusively national. A synthesis of the three models (economic, identity and cue theory), explains one quarter of variance of EU support at the individual level and almost entirely at the country or party levels (Hooghe & Marks, 2005).

Motivated by contradictory and questioned arguments and evidence, McLaren (2007) re-examines the most important individual-level theories (utilitarianism, identity, trust in institutions) that attempt to explain euroscepticism (p.234). She finds that trust in EU institutions is a far more important determinant of euroscepticism than trust in national institutions. Furthermore, people who see themselves as exclusively national are strongly eurosceptic. Finally, citizens that personally benefit from the EU are much less eurosceptic and this effect turns out to be the strongest in the model, even stronger than exclusive national identity and trust in EU institutions taken together. This is in contrast to other recent studies examining identity and utilitarian factors. In addition to these results, she also found a number of interlinkages between benefits, EU institutions and personal advantages (p. 241-242)

A similar study was carried out by Van Klingeren et al. (2013), investigating if there is a change over time in the strength of “hard factors” vis-à-vis “soft factors” for explaining Euroscepticism. “Hard factors” include economic and utilitarian explanations and “soft factors” include affective, identity and cultural explanations for Euroscepticism (p. 2). The results of Van Klingeren et al. reveal that there is almost no difference in the strength of hard and soft factors between 1994 and 2005 and that at both time points soft factors had a stronger impact than hard factors. Therefore, they conclude that the new policy areas the EU engaged in since the Maastricht treaty did not alter the importance of soft factors in EU attitude formation. They were already important in 1994.

On a different note, Lubbers (2008:61) investigates the reasons for the Dutch rejecting the Constitutional Treaty. While this is not exactly the same as investigating support for European integration, it is certainly related. He wonders if dissatisfaction with Dutch politics was the main reason for the rejection of the Constitutional Treaty or whether it can be explained by utilitarian, identity and political perspectives. He finds that the threat the European Union poses to Dutch culture has the strongest impact on the no-vote. Overall, both the identity and political explanations have a large effect, more than the utilitarian approach that explains the vote less well (with the exception of national benefit). With regard to the political explanations, both distrust in the Dutch, as well as in the European Parliament, appear as very strong predictors (second only to the threat to Dutch culture), confirming the presumption that domestic political considerations made an important contribution to the no vote (second-order election effect). In addition, the results reveal that citizens follow their party’s position on European integration. Finally, it is worth noting that within the group of identity variables,

resistance to Turkey's EU membership also has a large effect on rejecting the treaty (p.80-82).

Jaspers and Lubbers (2011) examine the variation in Euroscepticism of people with different educational backgrounds between 1990 and 2008 and in how far differences can be interpreted through the utilitarian, identity, political cueing and political cynicism perspectives. They found that Euroscepticism increased for all educational categories between 1990 to 2008. The increase of Euroscepticism in the lower educated is larger than in higher educated people because of the larger rise in political cynicism and perceived ethnic threat (with the latter being the strongest) in lower educated people, finding support for the predictions of the political cynicism and identity models (perceived ethnic threat) (p.36). Jaspers & Lubbers argue that the rise in perceived ethnic threat was provoked by EU enlargement accompanied by an increase in cheap labour as well as the rise of far-right politicians with anti-EU and immigrant rhetoric to which lower educated people are more vulnerable.

No evidence of the political cueing thesis as well as nationalism thesis is found and only weak support for the utilitarian thesis, accounting for the larger rise in Euroscepticism for lower educated people. The main factor explaining Euroscepticism in 2008 is perceived ethnic threat. Not the whole direct connection between education and Euroscepticism can be accounted for and the negative impact continues to be significant.

3 Predicting business owner support for European integration

As pointed out in the literature review, previous studies have revealed a strong connection between economic/utilitarian explanations and support for European integration among the European public (e.g. Anderson, 1996; Gabel & Palmer, 1995; 1998). Anderson (1996, p. 232) states about this utilitarian emphasis: “Such a focus is based on the premise that economic costs and benefits associated with EU membership are particularly prominent issues surrounding the Union. After all the EU is, first and foremost an economic union...”. This being said, what exactly are these costs and benefits? And what are the costs and benefits for (Dutch) businesses and the Dutch economy?

3.1 Benefits to businesses

One of the main goals of the EU is to bring prosperity and economic growth by establishing a common market (EEC Treaty of Rome, article 2), making it the core of the European integration project since its inception. Economic integration can be defined as “the elimination of the barriers to the movement of products and factors of production between a group of countries and the introduction of common policies” (Nello, 2012, p. 5). In particular, the Single Market project gave a large boost to further economic integration. It consisted of almost 300 pieces of legislation to eliminate the remaining obstacles to free movement of goods, services, persons and capital by 1992 (Nugent, 2010, p 324). As discussed by Nello (2012, p. 123-124) economic integration has a number of effects that can broadly be divided in static⁹ and dynamic effects. She points out that in order to analyse the benefits of the internal market, especially the dynamic effects such as increased competition, economies of scale and economic growth are important. The processes by which these effects occur are described as follows: eliminating barriers reduces costs and prices. First, a direct cost reduction occurs because of, for instance, the elimination of tariffs, import documentation and differences in technical requirements. Secondly, there is an indirect cost reduction, because foreign businesses need to adjust to increased competition, making their business processes more efficient, resulting in increased productivity and additional cost reductions. Moreover, the larger market can create economies of scale (ibid: p.124).

Many of the elements of the internal market bring direct benefits to businesses. The elimination of barriers to trade in goods, such as customs duties, quantitative restrictions and

⁹ Static effects concerns the difference between trade creation and trade diversion.

measures having equivalent effect, lowers the cost-price of products and makes it easier to do business. The Schengen agreement¹⁰ that took effect in 1995 and nearly includes all the Member states¹¹ abolished physical checks at the internal borders. This meant the end of delays and formalities at the border, faster delivery and the time saved decreased transportation costs for businesses.

The same accounts for services such as the removal of authorization procedures and licenses, although it should be noted that the liberalisation in this area has been much slower (European Commission, 2012, p.7). Under freedom of establishment, businesses (or natural persons such as the self-employed) can set up a subsidiary or branch office in another Member State under the same conditions as nationals or businesses of the Member State of destination.

With regard to the free movement of capital, the full removal of controls of capital movements was achieved in approximately 1990. Capital movements include foreign direct investment, the repatriation of earnings, the buying of real estate, and issuing shares on the stock market of another EU country (Nello, 2012, p. 140). Furthermore, intra- EU euro payments are regarded as domestic payments and are charged domestic transfer costs. ATM withdrawals and credit/debit card purchases are also charged as domestic.

Both the approximation of laws as well as the principle of mutual recognition¹², where a product lawfully brought onto the market in one Member State may not be prohibited for sale in another Member State, except for reasons of overriding general interest such as public health, consumer safety or protection of the environment, facilitate the elimination of non-tariff barriers (measures having equivalent effect as tariffs and quotas) (Nugent, 2010, p. 326-327). Examples of non-tariff barriers are differing national technical requirements, standards and testing practises. They can prevent business from entering a market or increase its cost. For businesses their removal or harmonisation means a decrease in the cost of doing business since in most cases they do not have to adapt their product to different national market requirements or re-certify their products.

Finally, the promotion of free and fair competition by the EU's competition policy, in

¹⁰ Not formally part of internal market legislation. It was incorporated into EU law by the Amsterdam Treaty.

¹¹ Except for Bulgaria, Romania, Cyprus, United Kingdom and Ireland (2013)

¹² Established by the ruling of the ECJ in the Cassis de Dijon case in 1979

particular the prohibition of restrictive practises (such as price fixing by cartels, the prohibition of abuse of a dominant market position and restrictions on state-aid, creates a level-playing field for businesses and furthers innovation (European Commission, 2012). It should be noted though, that increased intra-EU competition can also have a negative impact on individual businesses in certain sectors. They might find it difficult to compete against more efficient foreign suppliers. If they fail to restructure their resources or innovate, this can result in going out of business.

Economic and Monetary Union (EMU) is closely connected to the single market since uncertainty about exchange rates can be considered a barrier to trade (Nello, 2012, p.126). EMU with the single currency the euro as its main feature brought additional benefits to companies doing business with Eurozone countries: the abolition of currency exchange costs including the costs and time spent on instruments to hedge the currency exposure such as currency futures contracts, currency options and currency risk insurance. The single currency was introduced in 11 member states in 1999 and today the euro area comprises 18 countries (2014). In addition, Nello (2012, p. 199) states that the removal of exchange rate uncertainty facilitates cross border investments by companies, since they have more certainty about future prices. Moreover, various studies have demonstrated that trade between countries increases with the introduction of a single currency.

3.2 Benefits to the Dutch economy

In 2008 researchers of the CPB Netherlands Bureau for Economic Policy Analysis (Lejour et al., 2008) conducted a study into the effects of 50 years of the internal market on the Dutch economy. According to this study 18% of the Dutch export of goods can be attributed to the internal market alone (EU average 8%), meaning, on top of worldwide trends such as globalisation. While for the EU as a whole, widening has been the most important factor for the increase in trade, both widening and deepening of the EU, are equally important for the increase in Dutch trade in goods, according to the authors. For the export of services, outward and inward FDI stocks the figures are 5% 15% and 18% respectively (EU average 5%, 11% and 17%). The fact that the Internal Market-effect is considerably lower for services than for goods is explained by the progress has been made in freeing up the goods markets (e.g. the Single Market Programme 1986-1992).

Furthermore, it is estimated that the increase in trade in goods and services through internal market integration contributed between 4 to 6% to Dutch GDP in 2005, which is double the 2-3% contribution to EU GDP on average. The higher figures for the Netherlands are attributed to the openness of the Dutch economy and to the higher percentage of intra-EU trade for the Netherlands compared to EU-average. 4-6% of Dutch GDP translates into 1500 to 2200 euro per head of additional income due to the internal market alone. Still, because of a time lag between increased market openness and changes in productivity, it is estimated that only half of the rise in income has been realised yet. In the coming decades an increase to 10% of GDP in the EU and 17% in the Netherlands is expected.

These results demonstrate that the Netherlands not only benefits from the internal market but benefits substantially more than average. This also contributes to the conclusion that “market integration is one of the biggest successes of 50 years of European cooperation” (Lejour et al., 2008, p. 7).

Another publication of the employers’ organisations VNO-NCW, MKB Nederland and LTO (2012) shows that 75% of Dutch exports go to other EU countries and that this amounts to 120 billion of annual Dutch GDP annually (20%). Germany, Belgium, France, the UK and Italy, all EU countries, are the main destinations of our exports. Investment income from FDI in other EU countries adds another 10% (50 billion). Furthermore, they state that in 2011 the Netherlands exported at least 4 times more to other EU countries than in 1990 and that all enlargements have brought a large increase in exports with these countries, in particular the Eastern enlargement. Figures are based on Eurostat, CBS, Ministry of Economic Affairs and DNB data. Although the publication does not directly relate these figures to internal market effects, it does show the importance of the EU for the Dutch economy.

3.3 Economic/utilitarian predictors and support for European integration

Taking into account above mentioned benefits to businesses and their impact, it appears reasonable to expect that Dutch entrepreneurs would take into account these effects when evaluating European integration, just like citizens do, as demonstrated in the literature. It is not without reason, that businesses have been the strongest promoter and engine of the Single Market (Monti, 2010, p.27).

Recently a number of studies have found that identity factors, such as ethnic threat and exclusive national identity, are equally powerful (McLaren, 2002) or have a stronger impact on support for European integration than economic factors (Hooghe and Marks, 2004 & 2005; Van Klingeren et al, 2013). However, these findings are not uncontested (McLaren, 2007; Boomgaarden et al, 2011).

Considering the visible impact of internal market policies¹³ on businesses and given that the main business objectives are profit and (turnover) growth, I expect business owners to evaluate EU membership primarily on economic/utilitarian considerations (**H1**). Because of their entrepreneurial focus, it seems rather unlikely that entrepreneurs will evaluate EU membership on the basis of identity and cultural criteria¹⁴. However, a number of other control variables that previous research identified as having a significant influence and that are more likely to have an impact on entrepreneurial attitudes than identity, are included in this research (trust in EU institutions, satisfaction with EU democracy, political extremism).

Acknowledging the great variety of economic/utilitarian indicators, the next question I pose is how each of them influences entrepreneurial attitudes and which one has the strongest explanatory power. The economic/utilitarian indicators that the academic literature has brought forward can broadly be divided as follows (Table 3.1).

Table 3.1. Conceptualising economic/utilitarian predictors of support for European integration

	Objective	Subjective (indirect)	Subjective (direct)
National	GDP, inflation	Evaluations of the national economy (economic situation, employment)	National benefit
Personal	Income, education, occupation	Evaluations of the personal economy (household finance, job situation)	Personal benefit

¹³ Over 75% of respondents listed the internal market as the no. 1 advantage of EU membership (KvK entrepreneurspanel May 2013; Q6).

¹⁴ In addition, entrepreneurs in a business panel could very well consider it awkward to be asked about identity factors such as attitudes about muslims, national pride and cultural threat, resulting in a high number of missing values.

3.3.1 Objective national and personal economic conditions

Following economic voting theories that argue that citizens assess national political institutions positively or negatively on the basis of the evaluation of economic conditions, Eichenberg and Dalton (1993) extend these theories to the supranational level and use objective national economic conditions to measure variations in support for European integration cross-nationally. It is difficult to imagine how indicators such as GDP and inflation would be reliable indicators on an individual level since the indicator itself does not differ between individuals (Gabel and Whitten, 1997, p. 84). Therefore, I will not include them in my analysis. Moreover, researchers often assume a direct link between the general economic circumstances and the European integration process. However, the general economic circumstances can be attributed to many causes of which EC policies are just one of several (Gabel and Palmer, 1995, p.4). As Gabel & Palmer (1995) demonstrated, national politics and the world economy are first in line. Hence, just like citizens, it appears improbable that Dutch entrepreneurs predominantly accredit the EU for general economic welfare. It is more likely entrepreneurs evaluate the EU on the basis of the policies it implements (“policy appraisal hypothesis”; Gabel & Palmer, 1995, p.7). They argue that citizens are unevenly affected by European policies, depending on their capacity (socio-economic status) to take advantage of these policies. The extent of “winning” or “losing” from EU policies shape their attitudes and differs consistently according to citizens potential. In this case policies of free movement of workers and capital policies.

With regard to personal economic conditions, the “human capital hypothesis” predicts that people with a higher education and higher occupational skill level will be more supportive of European integration since they are better able to successfully adjust to increased competition in a liberalised EU labour market and to grasp its opportunities (Gabel & Palmer, 1995, p.7).

The “capitalist hypothesis” argues that people with a higher level of income will show larger support for European integration than people with a lower income, because they are more inclined to profit from the larger investment opportunities of a liberalised capital market. In addition, the low inflation requirements of EMU benefit citizens with more financial wealth. On the other hand, the budget deficit and the public debt requirement of the Stability and Growth Pact (SGP) constrain social welfare spending of which citizens with a low income are more dependent (Gabel and Palmer, 1995, p.7).

The following quote captures this nicely: “Hence EU membership is not necessarily a positive sum game where everyone wins, instead it frequently involves both winners and losers”(Anderson and Reichert, 1996, p. 233). I extend Gabel and Palmer’s hypotheses to entrepreneurs and posit that entrepreneurs’ support for European integration is positively related to income **(H2)** and education **(H3)**.

Additionally, I will test two new hypotheses. First, eliminating barriers to trade in goods and services, benefits companies that do business with other EU countries more than those that do not. Furthermore, through experience, I expect them to be more aware of the benefits market integration has brought them. As a result, I posit that companies that do business with other EU countries evaluate European integration more positively than companies without intra-EU business. I refer to this as the “intra-EU business hypothesis” **(H4)**.

Secondly, compared to larger companies, smaller companies often have more difficulty in operating on the internal market and reaping its benefits. It is more difficult for them to deal with different languages, cultural and legal systems which involve more costs and risk (European Commission, 2008, p. 12), while larger companies are able to benefit from their economies of scale (financial, managerial, legal, marketing) in their internationalisation efforts. Producing for an enlarged integrated European market will reduce their unit costs even further. Therefore, I hypothesize that support for integration will increase with company size. I refer to this as the “economies of scale hypothesis”**(H5)**

3.3.2 Subjective national and personal economic evaluations (indirect)

Most research assumes there is a strong relation between the objective national economy and support for European integration. However, the objective real economy may not coincide with entrepreneurs’ perceptions of these and therefore be a poor measure of the impact of economic factors on support (Gabel & Whitten, 1997, p. 82). This line of reasoning can be extended to the link between the objective benefits (income, education) inferred from EU policies. After all, Gabel and Whitten (1997) find an independent effect of perceptions of the personal economy after controlling for income and education. According to them, citizens consider both the national and personal economy (financial, job situation) in forming opinions on European integration. Several scholars included subjective national and personal evaluations as variables in their studies, retrospective and/or prospective, and found

supporting empirical evidence (Anderson, 1998, Hooghe and Marks, 2004; Carey 2002; Van Klingeren et al, 2013).

Consequently, I include subjective national and personal economic conditions in my research and posit that these factors are positively related to entrepreneurs' EU support (**H6**).

3.3.3 Subjective national and personal economic evaluations (direct)

The previous indicators still do not link national and personal economic perceptions and socio-economic conditions to the issue of European integration. Many researchers assume a calculated utilitarian relation between socio- economic determinants and European integration when correlations are found. However, it is not clear if people attribute their personal economic fortunes to the issue of European integration (Mau, 2005, p. 294). The same can be inferred to perceptions of benefit to the national economy.

Furthermore, assessing the cost and benefits of integrative policies and connecting them to their support for European integration assumes that citizens have developed intellectual abilities and considerable knowledge of the effects of EU policies (Anderson, 1998, p. 572 and 591). Anderson (1998) demonstrates that this is not the case and argues that citizens therefore use proxies to make up for their lack of knowledge (related to domestic politics in his study). Is this also the case with entrepreneurs?

In the KvK Entrepreneurs panel of May 2013, 55,3% of respondents indicated they were not well informed about European issues. Responding to a set of questions, to assess entrepreneurs' knowledge of the EU, over 30% of entrepreneurs did not know how many Member States the EU had and over 50% did not know that the members of the European Parliament were directly elected by the citizens of each Member State. In total only 35% answered the three simple EU knowledge questions correctly (see the variable explanation annex for their wording).

Taking this into account, I will also use more specific indicators that directly relate national and personal economic gains to EU membership and expect them to have much larger explanatory power. As Mau (2005) found for citizens, it is easy to imagine that personal gains will be more important to entrepreneurs than how the nation benefits as a whole. Hence, my

hypothesis reads that of all variables tested, personal benefits will have the strongest effect on EU attitudes of Dutch entrepreneurs (**H7**).

3.4 Predicting EU support: Dutch entrepreneurs versus Dutch population

In the literature (Gabel & Palmer, 1995; Mau 2005), it is well-documented that the uneven distribution of costs and benefits leads to differences in EU support with the groups that have more to gain from European integration being more positive. Then, is there also a difference between entrepreneurs and the general population?

In addition to the benefits to entrepreneurs, the internal market also brought many benefits to citizens. Market liberalisation and subsequent increase in competition has brought down prices of, for example, internet access, air travel and roaming charges (73% cheaper than in 2005) and provided consumers with a wider choice of products and services. The establishment of common standards has led to safer products such as food and medicine (European Commission, 2012, p.17).

The opening up of EU law on the free movement of people includes the right to work in another member state, the portability of employment rights, including social security and pension rights, and the mutual recognition of professional qualifications. This provides benefits to citizens that want to move, work or retire in other member states. Other issues related to mobility that are especially high profile and practical are the EU-wide protection of passenger rights, the EU Erasmus student exchange programme (2,5 million participants since its inception) and the abolishment of checks at internal borders (Schengen). Finally, with the introduction of the euro currency exchange is no longer required when travelling to other Eurozone countries (European Commission, 2012). It is important to note though, that the introduction of the euro was not only seen as a beneficial development. In all Eurozone countries, there was widespread public belief the euro led to price increases (Nello, 2012, p. 201).

However, I expect business to be more positive about the benefit the internal market (and thus the EU) brought them. First, one of the freedoms primarily directed at citizens, free movement of workers, is the least used: only 2,3% of Europeans live in another Member State than that they are national of (Monti, 2010: p. 56). Furthermore, free movement of workers is a hotly

disputed freedom: many people are afraid of the influx of foreigners “stealing our jobs” and abusing our social security systems (ibid).

Secondly, while the EU has very strong policy competences with regard to business policies (sometimes even exclusive), most of the policies that directly affect citizens such as housing, education, health, social welfare fall mostly within the remit of the Member States (the “big spending” policies). The EU policy competences are weak in this area, although there are a number of market-related policies the EU regulates in these fields (e.g. health and safety of temporary workers) (Nugent, 2010, p. 282-283).

Therefore, I hypothesise that Dutch business owners are more positive about European integration than the general population (**H8**).

In the next section, I describe the data, construction of variables and methods used to test the mentioned hypotheses. In addition, I will specify a variety of control variables for which previous research has found empirical support.

4 Data and methodology

4.1 Data

The hypotheses are tested with a series of ordinal logistic regression analyses of survey data obtained from the Entrepreneurs Panel of the Chamber of Commerce (KvK Entrepreneurs panel). The KvK Entrepreneurs Panel consists of almost 7.000 members, which were randomly selected from the Business Register of the Chamber of Commerce. The Business Register (Het “Handelsregister”) of the Netherlands Chamber of Commerce contains all businesses and legal persons in the Netherlands.

The members of the Entrepreneurs Panel are business owners (owner, managing partner, owner-director) and have agreed to take part in online research, about current topics such as legislative changes, taxes, effects of the economic crisis and other issues entrepreneurs are concerned with.

I developed an online questionnaire based on the questions used in earlier research and used in Eurobarometer surveys of the European Commission/European Parliament. In May 2013, the questionnaire was distributed to a random selection of 4.500 entrepreneurs from the KvK entrepreneurs panel. 3196 entrepreneurs (n=3196) responded to the questionnaire, which is a response rate of 71%¹⁵.

For the hypothesis related to the comparison between entrepreneurs and the general population (H8), responses to questions from the European Parliament Eurobarometer 79.5 (European Parliament, 2013) survey were used. This Eurobarometer survey was conducted in the EU-28 Member States from 7-23 June 2013 by TNS Opinion using face-to-face methods (CAPI). In total, there were 27.624 respondents (Europeans 15 and over). In the Netherlands, the number of respondents was 1.005 (fieldwork 8-23 June 2013). Eurobarometer surveys use a multi-stage, random (probability) sample design.

¹⁵ No internal weighting was carried out by comparing the sample composition and universe composition. It should be noted that in the sample the 0-1 company size category is overrepresented by $\pm 5\%$ in the sample compared to universe and the 20-49 category of companies underrepresented by $\pm 10\%$.

4.2 Dependent variable

To measure support for European integration, I use the survey question that was used in most previous research measuring individual support for European integration: “Generally speaking, do you think that Dutch membership in the European Community is a bad thing (1), neither a good nor a bad thing (2), or a good thing (3)?”. The distribution of the dependent variable is: 69,4% for “a good thing”(2217 cases), 17,4% (557 cases) for “neither a good, nor a bad thing”, 9,5% (304 cases) for a bad thing and 3,7% “(118 cases) don’t know”. I exclude the small amount of 3,7% “don’t know” from the analyses.

Gabel (1998, p. 342) established empirically that this question is related to support for integrative policies by relating support for actual integrative policies to the membership question (significant correlation of 0.47). Therefore, it is justified to speak about “support for European integration” in relation to this question.

4.3 Independent variables

To measure personal economic conditions, I use income and education. *Income* is a standard feature of the Entrepreneurs Panel with the categories (1) less than € 11.000 per year (2) €11.000-28.500 per year (3) €28.500 – 34.000 per year (4) €34.000 – 56.000 per year (5) €56.000 – 68.000 per year (6) €68.000 or more per year and (998) don’t know / no opinion. These categories were recoded to three income level categories (1) low (less than €28.500), (2) medium (€28.500 – €56.000) and (3) high (€56.000 or more a year).

Education is also a standard feature of the panel with originally 7 categories: (1) No education / primary education / elementary school (2) Lower vocational education (LBO) / preparatory vocational education (VBO) / preparatory intermediate vocational education (VMBO; middle management and basic profession-oriented pathway) (3) Lower general secondary education (MAVO) / first 3 years of higher general secondary education (HAVO) and pre-university education (VWO) / preparatory intermediate vocational education (VMBO; theoretical and mixed pathway) (4) Intermediate vocational education (MBO) (5) Higher general secondary education (HAVO) and pre-university education (VWO) advanced level / Academic education (WO)-foundation degree (6) Higher vocational education (HBO) / Academic Education Bachelor’s Degree (7) Academic education Master’s degree.

I recoded the educational categories to four categories:

1 Low = “No education / primary education / elementary school” and “Lower vocational education (LBO) / preparatory vocational education (VBO) / preparatory intermediate vocational education (VMBO; middle management and basic profession-oriented pathway)”;

2 Mid = “Lower general secondary education (MAVO) / first 3 years of higher general secondary education (HAVO)” and “pre-university education (VWO) / preparatory intermediate vocational education (VMBO; theoretical and mixed pathway)” and “Intermediate vocational education (MBO)”;

3 Mid-High = “Higher general secondary education (HAVO) and pre-university education (VWO) advanced level / Academic education (WO)-foundation degree;

4 High = “Higher vocational education (HBO) / Academic Education Bachelor’s Degree” and “Academic education Master’s degree”

National economic evaluations are gauged by a constructed additive index based on four items measuring the respondents’ evaluation of the current and prospective national economic and employment situation. The questions are: “Below a number of personal and national economic aspects are stated. Please indicate for every aspect what your current assessment is?” c) The state of the economy in the Netherlands d) the employment situation in the Netherlands . Respondent could choose one of the following answers: (1) very bad, (2) rather bad, (3) rather good, (4) very good, (998) don’t know / no opinion AND:

“Here are the four personal and national economic aspects stated again. Please indicate for every aspect if you expect the situation will be better or worse the next 12 months (Q4)” a) The state of the economy in the Netherlands b) the employment situation in the Netherlands. Respondent could choose one of the following answers: (1) worse, (2) same, (3) better

Personal economic evaluations are gauged by a constructed additive index based on four items measuring the respondents’ evaluation of the current and prospective national economic and employment situation. The questions are: “Below a number of personal and national economic aspects are stated. Please indicate for every aspect what your current assessment is?” a) Your personal job situation b) the financial situation of your own household. Respondents could choose one of the following answers: (1) very bad, (2) rather bad, (3) rather good, (4) very good, (998) don’t know / no opinion AND:

“Here are the four personal and national economic aspects stated again. Please indicate for every aspect if you expect the situation will be better or worse the next 12 months (Q4)” c) Your personal job situation d) the financial situation of your own household. Respondents could choose one of the following answers: (1) worse (2) same (3) better. The “don’t know” responses to both questions were included in the middle category.

Nb. It is expected entrepreneurs interpret “job situation” as “self-employment” or “business situation”.

National benefit is measured by responses to the question: “Would you say that the Netherlands has on balance benefited or not from being a member of the European Union?”. Response possibilities (recoded): (1) Not benefited (2) Neutral (3) Benefited
The “don’t know” responses were included in a new middle category (neutral)

Personal benefit is measured by an index related to the responses to “What do you think that Dutch membership of the European Union has brought you personally...?”. Response possibilities (recoded): (1) Many more disadvantages than advantages, (2) More advantages than disadvantages, (3) As many advantages as disadvantages, (4) More advantages than disadvantages, (5) Many more advantages than disadvantages. The index is constructed as follows (following Mau, 2005):

1 Losers: “Many more disadvantages than advantage” *and* “More advantages than disadvantages”

2 Neutrals: “As many advantages as disadvantages”

3 Winners: “More advantages than disadvantages” *and* “Many more advantages than disadvantages”

The “don’t know” responses were included in the middle category.

Intra EU business is measured by one item: “Are you doing business with/in other EU countries?”. Response categories: (1) no (2) yes.

Company size is a standard entrepreneurs panel feature with the categories: (1) 0-1 employees (2) 2-19 employees (3) 20-49 employees (4) 50+ employees

4.4 Control variables

Based on findings of previous research, I included a substantial number of other variables that were demonstrated to have an effect on support for European integration. To test cognitive mobilization theory (Inglehart 1970 and Janssen 1991), I include two variables that measure *general and EU political interest*, related to the frequency of political discussion, that were demonstrated to have a positive relation with EU support (Inglehart, 1978; Gabel, 1998). Sanchez-Cuenca (2000) and McLaren (2007) found that a citizen's support for European integration increases when they have more trust in European institutions and less trust in national institutions. Therefore, I include variables for *trust in national institutions* and *trust in EU institutions*. Anderson (1998) and Rohrschneider (2002) find a similar relation for satisfaction with national and EU democracy: a negative and positive relation with EU support.

Lubbers and Scheepers (2010) and Inglehart, Rabier, and Reif (1991) found people with a left political ideology were more eurosceptical than people on the right. The liberal market policies of the EU are considered a project of the political right (ibid). I include *left-right political self-placement* as a variable and expect entrepreneurs with a right leaning political orientation to be more EU supportive. However, since in the Netherlands parties of the far left (SP) and far right (PVV) are very much opposed to European integration, I include a measure of *political extremism* and expect a more powerful negative effect of this variable than pure left-right self-placement (ibid).

Furthermore, a positive effect of EU knowledge is expected since information and knowledge about the EU is thought to raise understanding and awareness about the benefits the EU brings (Clark and Hellwig 2012). Therefore, I bring an EU knowledge variable into the equation.

Finally, I control for *age* and *sex*. Since the early foundations of the European Union were laid in the context of averting another war, older generations might be more positive about European integration than younger ones who did not experience this context (Anderson, 1996, p. 236). Thus, I add an age variable distinguishing between people younger than 40 and people older than 40. Women are consistently more negative about European integration than men. Mau (2005, p. 300) states that women rely more on the welfare state and want this responsibility to remain in national hands. I include *sex* in my analysis and the expectation is

that men are more positive.

A more elaborate variable description of the control variables with question wording and coding is presented in the appendix. Although it could be interesting to consider the results of the control variables more in-depth, I will focus on the economic/utilitarian variables in the results section of this thesis.

Model Analysis

The statistical models in this study seek to explain cross-sectional differences in individual level support for European integration. Towards this end, I employ a series of 11 logistic ordinal regression models (Table 5.1). Since the dependent variable is ordinal with few categories, multiple linear regression is not an option. The logistic regression coefficient (β) shows the direction and absolute strength of the relationship with the dependent variable

For the variables income, education, company size, national benefit, personal benefit and EU political interest dummy variables are created for each category and a reference category is assigned. The logistic regression coefficient indicates the increase or decrease in the effect on the dependent variable compared to the reference category

To determine the relative importance of the explanatory variables, I use a variation of dominance analysis (see Azen & Traxel, 2009). The Nagelkerke's R-square indicates how well the independent variables explain variation in a dependent variable (model fit). Mau (2005) and Van Klengeren et al. (2013) also use explained variance to assess relative importance of variables. Economic/utilitarian variables are added stepwise to distinguish the isolated impact of each of them. I use 5% and 1% significance levels. ** indicates a $p < 5\%$ and * $p < 1\%$ meaning a >95% or higher than >99% accuracy that sample results are due to a real relationship in the population and not chance factors. These are the most frequently used levels in social science research.

5 Results

5.1 Economic/utilitarian predictors of support for European integration

In this results section I address the hypotheses one-by-one but not in the same order as in the predictions section (Chapter 4). It will be done in the sequence and logic of the models.

Model 1 in table 5.1 below contains only the control variables and their direct influence on support. I use this model to compare the increase in explained variance when I add the economic/utilitarian variables in the consecutive models.

Model 2 reveals that only 3,1% of additional variance is explained by adding the variables for personal objective economic conditions to the model: education and income (see increase in Nagelkerke's R-squared from model 1 to 2). Both education and income (the highest category) are positive and significant, supporting the second (**H2**) and third (**H3**) hypotheses ("human capital" and "capitalist" hypotheses"). Higher educated entrepreneurs and those with a higher income are more positive about European integration, because they are in a better position to take advantage of European policies (and less hurt by their negative effects).

In model 3 company size is added. Company size does not have a significant effect on EU support. Therefore, the "economies of scale"-hypothesis (**H4**) is not confirmed. An increase in company size does not appear to be related to an increase in support for European integration, as is argued on the basis of their economies of scale. This may be because the larger size classes were somewhat underrepresented in our model, because of mediation by other variables or because it is indeed a spurious relationship.

Continuing to model 4, doing business with other EU countries has a positive significant effect on support for European integration, supporting the "intra EU business"- hypothesis (**H5**). It appears that businesses engaged in cross border EU trade or foreign direct investment are indeed more aware of the benefits of an open market. However, the increase in explained variance (Nagelkerke's R-square) is extremely small (+0,1%). Therefore, intra-EU business does not contribute substantially in explaining EU support of Dutch entrepreneurs. In model 5, a small mediating effect of company size on intra-EU business is visible, slightly decreasing the coefficients.

Table 5.1. Ordinal logistic regression model of utilitarian and other predictors of support for European integration

	Dependent variable: EU support										
	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11
Independent variables	b	b	b	b	b	b	b	b	b	b	b
Economic/utilitarian											
Income											
<i>Low (Less than 28.500) (rc)</i>		rc	rc	rc							
<i>Medium (28.500 – 56.000)</i>		.012	0.000	-0.003	-0.011	-0.016	-0.019	-0.015	0.077	0.125	0.026
<i>High (56.000 or more a year)</i>		0.442**	0.418*	0.428*	0.414*	0.402*	0.397*	0.265	0.443*	0.414	0.237
Education											
<i>Low (rc)</i>		rc	rc	rc							
<i>Mid</i>		0.258	0.268	0.247	0.255	0.271	0.251	0.101	0.086	0.056	0.023
<i>Mid-high</i>		0.918**	0.925**	0.899**	0.906**	0.880**	0.897**	0.720**	0.756**	0.628**	0.684*
<i>High</i>		1.116**	1.136**	1.096**	1.114**	1.084**	1.107**	0.794**	0.791**	0.647**	0.672**
Company size											
<i>0-1(rc)</i>			rc	rc	rc						
<i>2-19</i>			0.107		0.082	0.098	0.081	0.157	0.059	0.111	0.118
<i>20-49</i>			-0.157		-0.196	-0.161	-0.199	-0.191	-0.271	0.146	-0.247
<i>50+</i>			0.582		0.509	0.558	0.508	0.696	0.989	1.231	0.918
Doing business with other EU countries¹⁶				0.197*	0.186*	0.180*	0.186*	0.221*	0.042	0.069	0.145
Nat. economic evaluations						0.103**		0.078**	0.042	0.088**	0.041
Pers. economic evaluations							0.012	-0.040	-0.074**	-0.073**	-0.068**
National benefit											
<i>No (rc)</i>								rc			rc
<i>Neutral</i>								1.035**			0.887**
<i>Yes</i>								2.941**			2.294**
Personal benefit											
<i>Losers (rc)</i>									rc		rc
<i>Neutrals</i>									1.575**		1.061**
<i>Winners</i>									3.588**		2.547**

¹⁶ Only against a one-tailed significance level.

Other predictors (Controls)											
Cognitive mobilisation											
Political interest	0,011	0.071	0.067	0.073	0.070	0.089	0.068	0.057	0.156		0.110
EU political interest											
Discuss EU politics never	rc	rc	rc	rc	rc	rc	Rc	rc	rc		rc
Discuss EU politics sometimes	0.158	0.077	0.066	0.056	0.047	0.003	0.046	-0.007	-0.121		-0.099
Discuss EU politics frequently	-0.32	-0.201	-0.206	0.239	-0.243	-0.280	-0.242	-0.365	-0.457		-0.471
Politics											
Trust in national institutions	0.059	0.068	0.068	0.073	0.072	0.033	0.071	0.088	0.113		0.135
Trust in EU institutions	0.759**	0.712**	0.712**	0.708**	0.708**	0.700**	0.707**	0.431**	0.515**		0.355**
Satisfaction national democracy	0.092	0.082	0.083	0.086	0.087	0.064	0.086	0.003	0.017		-0.017
Satisfaction EU democracy	0.441**	0.466**	0.464**	0.466**	0.465	0.448**	0.463**	0.332**	0.331**		0.277**
Left-right political self-placement	-0.069**	-0.067**	-0.069**	-0.069**	-0.071**	-0.064**	-0.071**	-0.035	-0.022		-0.009
Left-right political self-placement (extremism)	-0.007	-0.004	-0.004	-0.004	-0.004	-0.003	-0.004	-0.006	-0.004		-0.007
Information effects/knowledge											
EU knowledge (objective)	,226	,126	,125	,118	,118	,118	,117	-,132	-,044		-,180
Demographics											
Sex	0.542**	0.577**	0.571**	0.561**	0.558**	0.541**	0.559**	0.382**	0.325*		0.307*
Age	0.034	0.051	0.051	0.076	0.075	0.144	0.091	0.218	0.199		0.276
R-square (Nagelkerke's)	0.391	0.422	0.422	0.423	0.423	0.430	0.423	0.572	0.542	0.572	0.607
N	2516										

**p < 0.01, *p < 0.05. b = ordered logit coefficients. RC: reference category.

Moving further to model 6 and 7, entrepreneurs' national economic evaluations are positively related to EU support. Entrepreneurs that have a more positive impression about the national economy, retrospective and prospective, are more positive about European integration. However, personal economic evaluations do not have a significant effect. Thus, only part of my hypothesis (**H6**) is confirmed. This is in contradiction to expectations inferred from Gabel and Whitten (1997) and Hooghe and Marks (2004 and 2005). However, Anderson (1998) and Lubbers (2008) also found insignificant effects of personal economic evaluations. In any case, the argument that individual personal economic assessments are a better measure of benefits are not supported by the evidence. This is probably the case, because in the operationalization of the variable no direct connection is made with support for European integration.

In model 8 and 9 national and personal EU benefits are blended into the model. What immediately becomes apparent is the large increase in explained variance. Adding national benefit to the model, results in almost a 15% increase in Nagelkerke's R-squared compared to the preceding model. Importing personal benefit leads to nearly a 12% increase compared to model 7. Together they add 19% to the model (because of interaction effects this does not amount to 27%). This confirms the expectation that utilitarian indicators that directly relate cost and benefits to the topic of European integration are more powerful predictors than those that do not. In other words, entrepreneurs' attitudes are less determined by objective social location than by direct subjective evaluations. Although, it is only a 3% difference in explained variance between the inclusion of national and personal benefit (15%-12%), it is still surprising that national benefit (the benefit the country derives) weighs more heavily on an entrepreneurs' opinion about the EU than their very own benefit. This disconfirms our hypothesis (**H7**) that personal benefit would be the stronger factor. Income and national economic evaluations become non-significant upon inclusion of the direct utilitarian variables which means that their variation indeed find its origin in utilitarian explanations.

In addition, I find an unusual effect of personal economic evaluations when the benefit variables are included. It appears that negative personal economic evaluations lead to more support for the EU. However, when I discussed model 7, personal economic evaluations did not add any explanatory power to the model. Furthermore, I speculate that this atypical effect could also be due to multicollinearity¹⁷ or a problem with the interpretation of the question.

¹⁷ The economic/utilitarian variables are highly correlated among one another which could lead to unusual results in some cases (e.g. personal economic evaluations).

Therefore, I leave this result out of the analysis.

Turning back to my first and main hypothesis, model 10 consists of all economic/utilitarian variables together, without the other predictors. Combined they explain 57,2% of EU support of Dutch entrepreneurs. Model 1 contains all other predictors without the economic/utilitarian variables, together they explain almost 39,1% of variance in EU support of Dutch entrepreneurs. The full model (model 11) with all variables explains just over 60% of variance. Subtracting all economic variables in model 10 from model 11, only leaves 3% of additional explained variance for the other predictors. While subtracting all the other predictors in model 1 from the full model 11, leaves 21,6% for the economic variables. Similarly, the coefficients in the final model change quite a lot, compared to model 1 (only other predictors) and model 10 (only economic predictors), indicating a mediating effect on one another (especially the other predictors are mediated by the utilitarian variables). To conclude, these results support the hypothesis that economic/utilitarian considerations are the most powerful determinants of support for European integration (**H1**). Of these economic/utilitarian factors, direct evaluations of national and personal benefit of European integration are the most powerful explanations of EU support of Dutch entrepreneurs in the whole model¹⁸.

Overall, the full model (model 11) with all variables explains over 60% of the variance in support for European integration of Dutch entrepreneurs. Expressed differently: all variables together have a 60% accuracy in predicting business owner support for European integration. In the social sciences this is considered as a high percentage. The combination of economic / utilitarian and control variables only increase the explained variance modestly compared to the model which included only the economic variables. Education and sex remain significant in this final model which means that partly other than cost-benefit calculations are responsible for explaining the differences in EU support of the higher and lower educated and men and women.

5.2 Other predictors of support for European integration (control variables)

In addition the economic/utilitarian variables, I briefly discuss the effects of the control variables. I find no evidence of the cognitive mobilization theory among Dutch entrepreneurs

¹⁸ I also tested adding each control variable individually in the model and the most powerful control variable (Trust in EU Institutions) adds 2% in explained variance to the model.

since both the results of the general political interest variable as well as interest in EU politics indicator turn out to be non-significant. I find a similar result for trust in national institutions and satisfaction with national democracy. They both do not influence entrepreneurs' attitudes towards EU integration significantly in this model. However, trust in EU institutions and satisfaction with EU democracy do. More trust in EU institutions and a higher satisfaction with EU democracy lead to higher EU support. Even independently, since they also remain significant in the last model (Model 11). Unexpectedly, entrepreneurs with a left-political orientation show more EU support than those with a right-political orientation. Extremism appears not to have an influence on EU support nor does EU knowledge. Finally, sex remains significant all the way through the model, male entrepreneurs feel more positive about European integration than female entrepreneurs. I do not find any intergenerational variations in EU support (age variable). Education and sex remain significant in this final model which means that there are partly other than cost-benefit calculations responsible for explaining why they differ in supporting European integration.

5.3 EU support: Dutch entrepreneurs versus Dutch population

Table 5.2 is a contingency table that shows the differences in EU support between entrepreneurs and the general population. I use this table to test the hypothesis that entrepreneurs are more positive about European integration than citizens in general (**H8**). When just comparing percentages, the table reveals that an 8,8% higher proportion of entrepreneurs evaluate European integration as “a good thing” compared to citizens and a 2,4% lower proportion evaluate it as a bad thing. The significant chi-square and positive and significant tau-b statistically confirm my hypothesis.

Table 5.2 EU support Entrepreneurs vs. general population

	General population (Eurobarometer 79.5, June 2013)	Entrepreneurs (KvK Entrepreneurs panel, May 2013)	Difference
A bad thing	12,3% (121)	9,9% (304)	-2,4
Neither a good thing, nor a bad thing	24,5% (241)	18,1% (557)	-6,4
A good thing	63,2% (623)	72% (2217)	+8,8

N	985	3078	
Pearson Chi-square	27.783	Tau-b	.077
DF	2	Sig.	.000
Sig.	.000		

Note: cells in this contingency table report percentage responses to the question “Generally speaking do you think that Dutch membership of the EU is.....?” The “don’t know responses are excluded.

Furthermore, I compare the two groups on the most powerful variable as shown in the ordered logit model: National benefit. I find that 63,4 % of entrepreneurs respond that the Netherlands has benefited from EU membership against 61% in the population. 24,1% of entrepreneurs indicate the Netherlands has not benefited against 29% of citizens. The significant chi-square and positive and significant tau-b confirm statistically that entrepreneurs experience more country benefit, providing evidence for the underlying assumption of hypothesis 8.

Table 5.3 National benefit entrepreneurs vs general population

	Dutch population (Eurobarometer 79.5, June 2013)	Dutch entrepreneurs (KvK Entrepreneurs panel, May 2013)	Difference
Not benefited	29% (291)	24,1% (756)	-4,9
Don’t know	10% (100)	12,5% (393)	+2,5
Benefited	61% (614)	63,4% (1993)	+2,4
N	1005	3142	
Pearson Chi square	12.075	Tau-b	.030
DF	2	Sig.	.051
Sig.	.002		

Note: cells in this contingency table report responses to the question: “Taking everything into account would you say that the Netherlands has on balance benefited or not from being a member of the EU?”

6 Discussion

This study investigated the motivational drivers of Dutch entrepreneurs to support European integration. The European Union is mainly an economic “project”, which (still) is primarily concerned with breaking down barriers to the free movement of trade, services, persons and capital, ensuring free and fair competition, and EMU. I argued that the relation of these freedoms to and saliency for the practice of running a business, would lead entrepreneurs to primarily base their support for European integration on economic/utilitarian considerations. My findings revealed that this is indeed the case. Moreover, a number of other findings are worth highlighting.

First, subjective evaluations that directly relate benefits to European integration are more important than objective indicators, such as income and education, as determinants of EU support. The complexity of the European Union with its multiple layers of governance and the difficulty to distinguish which level of governance is responsible for which results might contribute to entrepreneurs frequently not being able to make this connection without being primed to do so. This is in line with comments made by Mau (2005), Anderson (1998) and Janssen (1991) wondering how the limited knowledge on EU affairs can lead to meaningful attitudes about one’s social location and European integration.

Secondly, both the benefits the country derives from EU membership, as well as individual personal benefit from EU membership, emerge as the prime drivers of entrepreneurs’ attitudes. In contrast to Mau (2005), I found a stronger effect of country benefit.

Third, the results of a number of other predictors of entrepreneurs’ EU support differ substantially from earlier studies on citizens support. Cognitive mobilisation, EU knowledge and political extremism were demonstrated not to be of any explanatory value for the attitudes of Dutch entrepreneurs.

Fourth, businesses that do business with other EU countries are more positive about European integration than businesses that do not. It was argued, that this is because they experience more benefit from the removal of barriers in the internal market. However, the contribution of this factor in explaining their attitude towards membership is minor.

Fifth, entrepreneurs evaluate EU membership on the basis of their trust in EU institutions and satisfaction with EU democracy. In contrast to earlier research (e.g. McLaren, 2007),

evaluations of trust in national institutions or satisfaction with national democracy, good or bad, do not play a significant role in this regard.

Finally, entrepreneurs are more positive about European integration than the general population and it appears to be caused by their belief that EU membership is more beneficial to the Netherlands than citizens think it is.

These results have several important implications for understanding EU attitudes of business owners as well as the future of European integration the Netherlands. Given that entrepreneurs form a substantial share of the electorate in the Netherlands and progression of European integration is increasingly decided by referendum, political elites would be wise to take the opinion of business owners into account. Since the perceived benefits of European integration primarily shape entrepreneurs' attitudes, it seems important to make clear to them what these benefits are, both for the country as well as individually. Political elites should be aware that, for instance, the contestation of the height of the net contribution of the Netherlands to the EU budget (as was again the case in the 2014-2020 EU multiannual budget negotiations) can lead to a decrease in support among entrepreneurs (as for the rest of the population). The height of the net contribution has frequently been reported as having a negative influences on a country's EU stance (Anderson & Reichert, 1996; Hooghe & Marks, 2005).

In the Hague, political successes are frequently attributed to national politics while failures or problems are blamed on the EU. This might not be the best strategy to follow considering the Netherlands is a prime beneficiary of European economic integration with its open market (see Lejour et al, 2008, for the quantification). After all, the continuation of EU membership and being able to reap its full benefits ultimately hinges on electoral support and public opinion (consider the example of the possible British exit or Brexit) and Dutch business owners comprise approximately 10% of this electorate. The Netherlands used to be one of the most ardent supporters of European integration, but this is no longer the case (Harmsen, 2004, p. 99; Lubbers, 2008, p. 60). In the Eurobarometer 79.5 published in August 2013 (European Parliament, 2013) that was used for this study in chapter 5, the Netherlands ranks 8th (together with Lithuania) in considering EU membership to be "a good thing". Understanding and anticipating the attitudes of the strongest promoters and main beneficiaries of the Single Market could be a good beginning to turn the tide. The rest of the electorate may well follow.

This research has laid a first foundation for the understanding of how entrepreneurs' attitudes towards European integration are shaped. Explaining 60% of variation in support certainly appears to be a good start. It confirms many of the factors that were used in explaining citizens support for European integration in previous research. However, this study is not without its limitations. First, although I employed a large set of variables for which empirical evidence was found in earlier studies on citizens support, it also lacks a number variables that could potentially be important or could have a mediating influence. In my opinion, this is very dependent on the fact if entrepreneurs evaluate the EU from the perspective of a business owner or just as any ordinary citizen. In future studies, I suggest to include identity and cultural variables to control for their effects, especially exclusive national identity and cultural and ethnic threat. Furthermore, this study provides a snapshot of the situation at one point in time. Further research is needed to see if these findings are robust over a longer period of time. Finally, in the sample used, very small companies were somewhat overrepresented. It would be interesting to see, if company size would have a significant effect if a proportional quantity of larger companies is included.

Notwithstanding the limitations of this present research, it should be seen as an important and elaborate first step in unravelling why Dutch entrepreneurs support European integration.

Appendix 1: variable description and coding

Variables are listed in the order of the questions in the original (Dutch) online survey (Question numbers also indicated).

SUPPORT FOR EUROPEAN INTEGRATION

One item “Generally speaking do you think that Dutch membership of the EU is a good thing or a bad thing” (Q1)? (1) a good thing (2) Neither a good nor a bad thing (3) a bad thing (Don’t know)

Coding (recoded)

- 1 A bad thing
- 2 Neither a good nor a bad thing
- 3 A good thing

The small number of don’t know responses (118) were omitted from the analysis. To avoid losing a large number of overall observations, most of the don’t knows in the following independent variables will be included in the middle category.

POLITICAL INTEREST INDEX

An index of three items measuring the respondents frequency of political discussion “Below a number of political matters are stated. Please indicate how often would you say you discuss each of these matters when you get together with friends or relatives” a) local and/or regional political matters b) National political matters c) European political matters(Q2abc). Response categories: (1) never (2) occasionally (3) frequently, don’t know/no opinion (998)

Index (coding)

- 0 Not at all interested in politics
- 1 Slightly interested in politics
- 2 Moderately interested in politics
- 3 Strongly interested in politics

Derivation:

THE POLITICAL INTEREST INDEX is based on the answers to the following question: "When you get together with friends or relatives, would you say you discuss frequently, occasionally or never about (national/European/local) political matters?" The index was constructed by first attributing a score to each item in Q.A2 ("Never" = 0; "Occasionally" = 1; "Frequently" = 2) and then adding together the three political dimensions (national/European/local). This procedure results in four different index levels ("Not at all interested in politics" if added up score = 0; "Slightly" if added up score = 1 or 2; "Moderately" if added up score = 3 or 4; "Strongly" if added up score = 5 or 6) which have been coded accordingly into the categories 1 to 4. Furthermore combinations with DK responses in maximum two variables (Q2 a t/m c) have been coded as follows: "DK" and "Never" = "Not at all"; "DK" and "Never" and "Occasionally" or "Frequently" = "Slightly"; "DK" and "Occasionally" and at least one "Frequently" = "Moderately" (European Commission, 2013)

INTEREST IN EUROPEAN POLITICS

One item measuring the respondents frequency of political discussion on European political matters. "Below a number of political matters are stated. Please indicate how often you would say you discuss each of these matters when you get together with friends or relatives (Q2) a) European political. Response categories: (1) never (2) occasionally (3) frequently, (998) don't know/no opinion (998)

Coding

1 Never

2 Occasionally

3 Frequently

The don't know responses were included in the middle category

NATIONAL ECONOMIC EVALUATIONS

An additive index based on four items was constructed measuring the respondents' evaluation of the current and prospective national economic and employment situation. "Below a number of personal and national economic aspects are stated. Please indicate for every aspect what your current assessment is?" (Q3) c) The state of the economy in the Netherlands d) the employment situation in the Netherlands (1) very bad (2) rather bad (3) rather good (4) very good (998) don't know / no opinion AND:

"Here are the four personal and national economic aspects stated again. Please indicate for every aspect if you expect the situation will be better or worse the next 12 months (Q4)" a) The state of the economy in the Netherlands b) the employment situation in the Netherlands. 1 worse 2 same 3 better

Coding Q3 (recoded)

- 1 Very bad
- 2 Rather bad
- 3 Neutral (don't know)
- 3 Rather good
- 5 Very good

The don't know responses were included in new middle category.

Coding Q4 (recoded)

- 1 Worse
- 2 Same
- 3 Better

The don't know responses were included in the middle category.

PERSONAL ECONOMIC EVALUATIONS

An additive index based on four items was constructed measuring the respondents' evaluation of the current and prospective national economic and employment situation. "Below a number of personal and national economic aspects are stated. Please indicate for every aspect what your current assessment is?" (Q3) a) Your personal job situation b) the financial situation of your own household (1) very bad (2) rather bad (3) rather good (4) very good (998) don't know / no opinion AND:

"Here are the four personal and national economic aspects stated again. Please indicate for every aspect if you expect the situation will be better or worse the next 12 months (Q4)" c) Your personal job situation d) the financial situation of your own household 1 worse 2 same 3 better

Coding Q3 (recoded)

- 1 Very bad
- 2 Rather bad
- 3 neutral (don't know)
- 4 Rather good
- 5 Very good

The don't know responses were included in new middle category.

Coding Q4 (recoded)

- 1 Worse
- 2 Same
- 3 Better

The don't know responses were included in the middle category.

PERSONAL BENEFIT

An additive index of one item "What do you think that Dutch membership of the European Union has brought you personally...?" (Q5) (1) Many more advantages than disadvantages (2) More advantages than disadvantages (3) As many advantages as disadvantages (4) More

disadvantages than advantages (5) Many more disadvantages than advantages (998) Don't know

Coding (recoded)

- 1 Many more disadvantages than advantages
- 2 More advantages than disadvantages
- 3 As many advantages as disadvantages
- 4 More advantages than disadvantages
- 5 Many more advantages than disadvantages

Additive index

- 1 Losers ("Many more disadvantages than advantage"+ "More advantages than disadvantages")
- 2 Neutrals ("As many advantages as disadvantages")
- 3 Winners ("More advantages than disadvantages" + "Many more advantages than disadvantages")

The don't know responses were included in the middle (neutral) category

NATIONAL BENEFIT

One item "Would you say that the Netherlands has on balance benefited or not from being a member of the European Union?" (Q8) (1) Benefited (2) Not benefited (3) no opinion / don't know

Coding (recoded)

- 1 Not benefited / Don't know/no opinion
- 2 Neutral (don't know)
- 3 Benefited

The don't know responses were included in a new middle category (neutral).

TRUST IN EUROPEAN INSTITUTIONS

An additive index of five items “Below are a number of national and European institutions. For each of the following institutions, please tell me if you tend to trust it or tend not to trust it” (Q9) d) The European Parliament e) The European Commission f) The Council of the European Union g) The European Central Bank h) The European Court of Justice (1) Tend to trust (2) Tend not to trust (998) don’t know / no opinion

Coding (recoded)

0 Tend not to trust

0,5 Don’t know / no opinion (neutral category)

1 Tend to trust

The don’t know responses were included in a new middle category (neutral).

TRUST IN NATIONAL INSTITUTIONS

An additive index of two items “Below are a number of national and European institutions. For each of the following institutions, please tell me if you tend to trust it or tend not to trust it” (Q9) a) The Dutch government b) The Dutch Parliament, the Second Chamber 1 Tend to trust 2 Tend not to trust 998 don’t know / no opinion

Coding (recoded)

0 Tend not to trust

0,5 Don’t know / no opinion (neutral category)

1 Tend to trust

The don’t know responses were included in a new middle category (neutral).

EU KNOWLEDGE (OBJECTIVE)

A summarized index of 3 items “Below are a number of statements about the European Union. For each of the following statements, could you please indicate whether you think it is true or false?” (Q11) a) The EU currently consists of 27 Member States b) The Members of the European Parliament are directly elected by the citizens of each Member States c)

Switzerland is a member of the European Union. (1) True (2) False (3) Don't know / no opinion

Coding (recoded)

1 False / don't know / no opinion

2 True (correct)

1 False / don't know / no opinion

2 True(correct)

1 False (correct)

2 True

EU knowledge index summarized

1 Bad (no correct answer / DK)

2 Average (one or two correct answers)

3 Good (three correct answers)

This variable summarizes responses to Q11 (a+b+c).

SATISFACTION NATIONAL DEMOCRACY

One item "Please indicate to what extent you are satisfied with the issues below" (Q13) a).

The way democracy works in the Netherlands (1) Not at all satisfied (2) Not very satisfied (3) fairly satisfied (4) very satisfied (998) Don't know / no opinion

Coding (recoded)

1 Not at all satisfied

2 Not very satisfied

3 Don't know / no opinion (neutral)

4 Fairly satisfied

5 Very satisfied

The don't know responses were included in a new middle category (neutral).

SATISFACTION EUROPEAN DEMOCRACY

One item “Please indicate to what extent you are satisfied with the issues below” (Q13) b).
The way democracy works in the EU (1) Not at all satisfied (2) Not very satisfied (3) fairly satisfied (4) very satisfied (998) Don’t know / no opinion

Coding (recoded)

- 1 Not at all satisfied
- 2 Not very satisfied
- 3 Don’t know / no opinion (neutral)
- 4 Fairly satisfied
- 5 Very satisfied

The don’t know responses were included in a new middle category (neutral).

LEFT-RIGHT POLITICAL SELF-PLACEMENT

A scale of one item In political matters people talk of "the left" and "the right". Could you place your political views on this scale? (Q20) *left (1), (2), (3), (4), (5), (6), (7), (8), (9), right (10), don't know/don't want to say(998)*

Coding

- 1 Box 1 - left
- 2 Box 2
- 3 Box 3
- 4 Box 4
- 5 Box 5
- 6 Box 6
- 7 Box 7
- 8 Box 8
- 9 Box 9
- 10 Box 10 – right

“Don’t know” responses were included in the middle (5th) category,

LEFT-RIGHT POLITICAL SELF-PLACEMENT squared (extremes)

Derived from Q20

Extremity is measured by the squared distance from the midpoint of their ten-point ideology scale. The squared distance for the left-right political placement scale has been calculated by subtracting the mean(5.5) from each of the number in the scales and taking the square of this difference.

INTRA EU BUSINESS

One item: “Are you doing business with/in other EU countries?” (Q21). (1) yes (2) no.

Coding (recoded)

(1) no

(2) yes

Below variables are standard characteristics of members of the KvK entrepreneurs panel (therefore not included as survey questions)

COMPANY SIZE

1. 0-1 employees
2. 2-19 employees
3. 20-49 employees
4. 50+ employees

INCOME

Coding

- 1 Less than €11.000 per year
- 2 €11.000-€28.500 per year
- 3 €28.500 – €34.000 per year
- 4 €34.000 – €56.000 per year
- 5 €56.000 – €68.000 per year
- 6 €68.000 or more per year
- 998 don't know / no opinion

Recoded to:

- 1 Low (Less than €28.500)
- 2 Medium (€28.500 – 56.000)
- 3 High (€56.000 or more a year)

Don't know responses were included in the medium category

EDUCATION

Coding

- 1 No education / primary education / elementary school
- 2 Lower vocational education (LBO) / preparatory vocational education (VBO) / preparatory intermediate vocational education (VMBO; middle management and basic profession-oriented pathway)
- 3 Lower general secondary education (MAVO) / first 3 years of higher general secondary education (HAVO) and pre-university education(VWO) / preparatory intermediate vocational education (VMBO; theoretical and mixed pathway)
- 4 Intermediate vocational education (MBO)
- 5 Higher general secondary education (HAVO) and pre-university education(VWO) advanced level / Academic education (WO)-foundation degree
- 6 Higher vocational education (HBO) / Academic Education Bachelor's Degree
- 7 Academic education Master's degree

Recoded to:

- 1 Low = “No education / primary education / elementary school + “Lower vocational education (LBO) / preparatory vocational education (VBO) / preparatory intermediate vocational education (VMBO; middle management and basic profession-oriented pathway)”
- 2 Mid = “Lower general secondary education (MAVO) / first 3 years of higher general secondary education (HAVO) and pre-university education(VWO) / preparatory intermediate vocational education (VMBO; theoretical and mixed pathway)+ “Intermediate vocational education (MBO)”
- 3 Mid-High = Higher general secondary education (HAVO) and pre-university education(VWO) advanced level / Academic education (WO)-foundation degree
- 4 High = “Higher vocational education (HBO) / Academic Education Bachelor's Degree”+ “Academic education Master's degree”

SEX

coding

1 Female

2 Male

AGE

Coding

1 younger than 30 years

2 30-39 years

3 40-49 years

4 50-59 years

5 60 years and older

Recoded to:

1 Younger than 40

2 40 or older

Additional note on variables:

For the variables income, education, company size, national benefit, personal benefit and EU political interest dummy variables were created for each category and a reference category was assigned. The regression coefficient indicates the increase or decrease in the effect on the dependent variable compared to the reference category.

Appendix 2: original questionnaire (Dutch)

Vragenlijst KvK Landelijk Ondernemerspanel mei 2013

Al sinds het begin is economische integratie de kern van de Europese Unie en zijn bedrijven de motor achter de Europese economie. Het is daarom belangrijk te weten hoe u denkt over verschillende aspecten van de Europese Unie. Inzicht hierin kan leiden tot ontwikkeling van nieuwe beleidsproducten of diensten van de Kamer van Koophandel of aanbevelingen richting overheden.

1. Vindt u het, over het algemeen, een goede of een slechte zaak dat Nederland lid is van de Europese Unie?

- Een goede zaak
- Noch een goede, noch een slechte zaak
- Een slechte zaak
- Weet ik niet

2. Hieronder staan enkele onderwerpen met betrekking tot politiek. Geef alstublieft aan hoe vaak u ieder van onderstaande onderwerpen bespreekt als u met vrienden of familie samen bent.

Kolomkoppen (opties): nooit (1), soms (2), regelmatig (3), weet niet/geen mening (998)

- a) Plaatselijke en/of regionale politieke aangelegenheden
- b) Nationale politieke aangelegenheden
- c) Europese politieke aangelegenheden

3. Hieronder staan enkele persoonlijke en nationaal economische aspecten. Geef alstublieft voor ieder aspect aan hoe u deze op dit moment beoordeelt.

Kolomkoppen (opties): zeer slecht (1), tamelijk slecht (2) tamelijk goed (3), zeer goed (4), weet niet/geen mening (998)

- a) De situatie wat uw eigen werk betreft
- b) De financiële situatie in uw eigen huishouden
- c) De economische situatie in Nederland
- d) De werkgelegenheid in Nederland

4. Hieronder staan de vier persoonlijke en nationaal economische aspecten nog een keer. Geef alstublieft voor ieder aspect aan of u in de komende 12 maanden een verbetering of een verslechtering van de situatie verwacht?

Kolomkoppen (opties): verslechtering (1), verbetering (2), hetzelfde (3), weet niet/geen mening (998)

- a) De economische situatie in Nederland
- b) De werkgelegenheid in Nederland
- c) De financiële situatie in uw eigen huishouden
- d) De situatie wat uw eigen werk betreft

5. Wat denkt u dat het Nederlands lidmaatschap van de Europese Unie u persoonlijk heeft gebracht?

- Veel meer voordelen dan nadelen
- Meer voordelen dan nadelen
- Net zoveel voordelen als nadelen
- Meer nadelen dan voordelen
- Veel meer nadelen dan voordelen
- Weet niet

[Alleen stellen als men (veel) meer voordelen dan nadelen ziet]

[antwoorden in willekeurige volgorde tonen]

6. Wat zijn voor u persoonlijk de drie belangrijkste voordelen van het EU lidmaatschap? *U kunt ook minder dan drie voordelen aanvinken.*

- Het vrije verkeer van personen, goederen en diensten in de EU
- Economische voorspoed
- Vrede en veiligheid
- De euro
- Sterkere stem in de wereld
- Het niveau van sociaal welzijn in de EU (gezondheidszorg, onderwijs, pensioenen)
- Het gemeenschappelijk landbouwbeleid
- Subsidies
- Democratie
- Anders, namelijk <open invoer>
- Geen (*excl.*)
- Weet niet (*excl.*)

[Alleen stellen als men (veel) meer nadelen dan voordelen ziet]

[antwoorden in willekeurige volgorde tonen]

7. Wat zijn voor u persoonlijk de drie belangrijkste nadelen van het EU lidmaatschap? *U kunt ook minder dan drie nadelen aanvinken.*

- Kosten van lidmaatschap
- Minder nationale zeggenschap
- Economische crisis
- Administratieve lasten en bureaucratie
- Geldverspilling
- Meer criminaliteit
- Niet genoeg controle externe grenzen
- Instroom van buitenlandse werknemers
- Toegenomen concurrentie
- Verlies van culturele identiteit

- Anders, namelijk <open invoer>
- Geen (*excl.*)
- Weet niet (*excl.*)

8. Heeft Nederland naar uw idee wel of geen voordeel bij zijn lidmaatschap van de Europese Unie?

- Wel voordeel
- Geen voordeel
- Weet niet

9. Hieronder staan enkele nationale en Europese instellingen. Geef alstublieft voor iedere instelling aan of u er eerder wel of geen vertrouwen in heeft.

Kolomkoppen (opties): eerder wel vertrouwen (2), eerder geen vertrouwen (1), weet niet/geen mening (998)

- a) De Nederlandse regering
- b) Het Nederlands parlement, De Tweede Kamer
- c) De Europese Unie
- d) Het Europees Parlement
- e) De Europese Commissie
- f) De Raad van de Europese Unie
- g) De Europese Centrale Bank
- h) Het Europese Hof van Justitie

10. In hoeverre bent u het eens met de stelling "Ik begrijp hoe de Europese Unie werkt"?

- Helemaal mee eens
- Eerder eens
- Eerder oneens
- Helemaal mee oneens
- Weet niet

11. Hieronder staan enkele uitspraken over de Europese Unie. Geef alstublieft voor ieder van deze uitspraken aan of u denkt dat deze juist of onjuist is?

Kolomkoppen (opties): juist (1), onjuist (2), weet niet/geen mening (998)

- a) De Europese Unie bestaat momenteel uit 27 lidstaten
- b) De leden van het Europees Parlement worden rechtstreeks gekozen door de burgers van iedere lidstaat
- c) Zwitserland is lid van de Europese Unie

12. Geef alstublieft aan in hoeverre u denkt dat uzelf en "de Nederlander" op de hoogte zijn van Europese aangelegenheden?

Kolomkoppen (opties): zeer slecht op de hoogte (1), Tamelijk slecht op de hoogte (2), Tamelijk goed op de hoogte (3), zeer goed op de hoogte (4), weet niet/geen mening (998)

- a) De Nederlander

- b) Uzelf

13. Geef alstublieft aan in hoeverre u tevreden bent over onderstaande zaken.

Kolomkoppen (opties): zeer ontevreden (1), tamelijk ontevreden (2), tamelijk tevreden (3), zeer tevreden (4), weet niet/geen mening (998)

- a) Het functioneren van de democratie in Nederland
- b) Het functioneren van de democratie in de Europese Unie

14. Geef alstublieft voor ieder van onderstaande stellingen aan in hoeverre u het ermee eens bent.

Kolomkoppen (opties): helemaal mee oneens (1), eerder oneens (2), eerder eens (3), helemaal mee eens (4), weet niet/geen mening (998)

- a) Met de belangen van Nederland wordt goed rekening gehouden in de Europese Unie
- b) Mijn stem telt mee in de Europese Unie
- c) Mijn stem telt mee in Nederland

15. Welk beeld roept de Europese Unie in het algemeen bij u op?

- Zeer positief beeld
- Tamelijk positief beeld
- Neutraal beeld
- Tamelijk negatief beeld
- Zeer negatief beeld
- Weet niet/geen mening

16. In welke mate bent u optimistisch of pessimistisch over de toekomst van de Europese Unie?

- Zeer optimistisch
- Tamelijk optimistisch
- Tamelijk pessimistisch
- Zeer pessimistisch
- Weet niet/geen mening

17. Geef alstublieft voor ieder van onderstaande voorstellen aan of u er vóór of tegen bent.

Kolomkoppen (opties): voor (2), tegen (1), weet niet/geen mening (998)

- a) Een Europese economie en monetaire unie met één munteenheid, de euro
- b) Een gemeenschappelijke buitenlandse politiek van de 27 Europese lidstaten
- c) Verdergaande uitbreiding van de Europese Unie teneinde andere landen in de toekomst deel te laten nemen

18. Geef alstublieft voor elk van de volgende landen en territoria aan of u voor of tegen hun toetreding tot de Europese Unie bent?

Kolomkoppen (opties): voor (2), tegen (1), weet niet/geen mening (998)

- a) Bosnië en Herzegovina
- b) Servië
- c) Montenegro
- d) Kosovo
- e) Voormalige Joegoslavische republiek Macedonië
- f) IJsland
- g) Kroatië
- h) Albanië
- i) Turkije
- j) Oekraïne
- k) Zwitserland
- l) Noorwegen

19. Hoe oud was u toen u uw schoolopleiding of studie beëindigde/voltooide? Het gaat hierbij om uw volledige dagopleiding.

- 15 jaar of jonger
- Tussen 16 en 19 jaar
- 20 jaar of ouder
- Ik ben nog aan het studeren
- Ik heb geen opleiding/studie genoten
- Wil ik niet zeggen
- Weet ik niet meer

20. Als men het over politiek heeft, worden vaak de termen 'links' en 'rechts' gebruikt. Kunt u aangeven in welke richting uw politieke voorkeur ligt? Indien uw voorkeur meer richting links ligt, kunt u een bolletje aan de linkerkant aanvinken. Indien uw voorkeur meer richting rechts ligt kunt u een bolletje aan de rechterkant aanvinken.

Kolomkoppen (opties): links (1), (2), (3), (4), (5), (6), (7), (8), (9), rechts (10), weet niet/wil ik niet zeggen (998)

- a) Politieke voorkeur:

21. Doet u zaken met/in andere EU-landen?

- Ja
- Nee

22. In hoeverre heeft u als ondernemer last van Europese wet- en regelgeving?

- Zeer veel
- Veel
- Noch veel, noch weinig
- Weinig
- Zeer weinig
- Geen
- Weet niet

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