

Institutional, **Economic**, and Socio-Economic Determinants of the Entrepreneurial Activity of Nations

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Dear Editor-in-Chief, Prof. Dr. Isabel-María Garcia-Sanchez

Firstly, we would like to thank all the reviewers for the constructive feedback and suggestions concerning the previous version of the manuscript. Secondly, we are very pleased to have had the opportunity to revise and resubmit the paper. Considering the answers to the questions raised, we provide a global overview of what was changed according to the review proposals and constructive suggestions made by the reviewers. We believe that after incorporating the suggestions by the reviewers the quality of manuscript is significantly improved.

Yours faithfully

The Authors

Reviewer 2:

The article is very interesting. My comments after reading it:

1. Lack of information about the criteria for selecting countries for analysis and the criterion of division into developed and developing countries.

A1: We acknowledge the reviewer's comment. For addressing this comment, the sentences presented below, were introduced in the item 3.1. Period of study, data sources and variables.

The countries were chosen according to the availability of data, and later divided following the criteria of the World Economic Situation and Prospects (WESP), which employs a wide range of trends in various dimensions of the global economy, being prepared by the Development Policy and Analysis Division (DPAD) of the Department of Economic and Social Affairs of the United Nations Secretariat (UN/DESA) (WESP, 2014).

In analytical terms, the World Economic Situation and Prospects (WESP) categorises countries by the following groups: developed economies; economies in transition; and developing economies, however, from the availability of data, the countries chosen for this empirical study fall into the categories of developed economies, and developing economies (WESP, 2014).

The largest differences between groups of countries with developed economies, and countries with developing economies, are due to disparities in the percentages of exports and imports of fuel; gross domestic income (countries divided into high in-come; high middle income; low middle income; and low income (countries under \$1035 are considered low-income countries; between \$1036 and \$4085 are considered countries with low average incomes; between \$4086 and \$12,615 are countries with high average incomes; and finally countries with incomes higher than \$12,615 are high-income countries.

2. It seems that among selected developed countries there are large disproportions in their development.

A2: We acknowledge the reviewer's comment. For addressing this comment, the following sentences were introduced in the item 5.3. Limitations:

Adding to the previous, it should be noted that, in an embryonic analysis of the present investigation, the variable Human Development Index was included as an explanatory variable, but it raised some problems regarding the correlation matrix (high correlation pairs with the variables Trade Freedom and Corruption). This index would be very relevant to contrast the countries in the sample, especially, in terms of economic policy choices and regulatory actions, through its three dimensions: (i) average life expectancy; (ii) number of years of schooling; and (iii) standard of living; however, it was not possible to operationalize it in the context of the present empirical study, which is here addressed as a limitation that could be surpassed in future research using disaggregated data.

3. It seems that the innovative factor should be interpreted with a time delay, pro-innovative activities (including the process of raising qualifications bring benefits usually after a few years).

A3: We acknowledge the reviewer's comment. For addressing this comment, it is used a new variable (PATPC_LAG1), that is, the Lagged ratio of total number of patents (direct entries and national PCT) to gross domestic product per capita constant lcu (cf. Table 2. Variables: Description and sources), in order to capture the lagged effects of past levels of innovative activity on the TEA.

4. It seems better to provide the value of the coefficient of variation in tab. 3 than SD (if the variability values have already been compared).

A4: We acknowledge the reviewer's comment. For addressing this comment, it was incorporated the coefficient of variation in Table 3. Descriptive statistics.

5. There is no information about the symbol JB in the text (Jarque-Bera test).

A5: We acknowledge the reviewer's comment. For addressing this comment, along the revised version, it is used, instead, the correct mentioning to the Jarque-Bera test.

6. In tab. 4 not all correlation values have a specific p-value (similarly to other tables). Does it mean no statistical significance, I would recommend to indicate it?

A6: We acknowledge the reviewer's comment. For addressing this comment, in Table 4, this was corrected by providing all the correspondent p-values.

7. I would suggest bolding the most important values in the result tables.

A7: We acknowledge the reviewer's comment. For addressing this comment, in all tables of the revised version of the manuscript all the significant values are displayed in bold.