I Entrepreneurship policies in the wider Europe: a thematic perspective

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INTRODUCTION

This book analyses the role of government and policies in relation to the development of entrepreneurship and small businesses in Central and (South) Eastern European countries where entrepreneurship either was restricted to certain sectors and types of business as for example in Poland or Hungary, or was fully illegal until the late 1980s as in, for example, former Czechoslovakia or the Baltic States. There is an increasing interest in policy issues, as evidenced by the recent publication of a number of books on entrepreneurship policy (for example, Audretsch et al. 2007; Hart 2003; Leitão and Baptista 2009; Lundström and Stevenson 2005) and special issues of international journals (Minniti 2008; Robson et al. 2009). However, these publications emphasize entrepreneurship policy in the context of mature market economies, where the legislative and regulatory environment has evolved over decades or even centuries. In such environments, policy makers have had considerable experience in designing and implementing policy initiatives to foster entrepreneurship and societies are generally in favour of and accustomed to entrepreneurship activities. This contrasts with post-socialist economies in Central and Eastern Europe and the former Soviet Union, where, in most cases, entrepreneurship development started in the late 1980s and early 1990s with fundamental reforms, all of which presented enormous challenges to policy makers.

The recent entrepreneurship discussion has emphasized the need to view entrepreneurship within the wider political, economic and social contexts in which it takes place (for example, Baker et al. 2005; Davidsson 2003; Welter 2011). This also applies to entrepreneurship policies and support addressing those conditions that enable or constrain entrepreneurship and over which the state has a major influence. In this regard, the handbook adds to the current literature by explicitly focusing on entrepreneurship policy in emerging market economies of Central and Eastern as well as Southeast Europe and the former Soviet Union.

There are a variety of ways in which governments can influence entrepreneurship and small business development beyond direct actions and
support programmes. An important issue in this regard is the understanding of what constitutes ‘policy’. Narrowly defined, ‘policy’ is concerned with ‘policy initiatives designed to assist small firms’ (Storey 1994, p. 253) and only a more broadly defined view considers the variety of ways in which government policies and actions can impact on entrepreneurship and small business development. Generally, governments can foster entrepreneurship through interventions in six policy areas (Smallbone and Welter 2001b): macroeconomic policy, which affects the willingness of (potential) entrepreneurs to set up a business and invest also with a longer time frame; the costs of legislative compliance, which can fall disproportionately heavily on newer and smaller enterprises (Bannock and Peacock 1989); tax policies, which refers to both the total tax burden and the cost of compliance that can be affected by the frequency with which changes are made to the tax regime and the methods used for collecting taxes; the influence of government on the development of market institutions, such as banks and other financial intermediaries, business support and training organizations; the influence of the government on the value placed on enterprise and entrepreneurship in society, which in a transition context is affected by the commitment of governments towards market reforms and private business ownership; and lastly, direct intervention, to assist new and small businesses to overcome size-related disadvantages.

During the transition period, one of the main preconditions for productive entrepreneurship to develop is effective institutionalization of entrepreneurship policy (Smallbone and Welter 2010a). Key roles for the state in this regard are to remove unnecessary obstacles to enterprise creation; to establish a facilitating environment for private sector development; and contribute to the development of appropriate institutions that operate to facilitate private sector development, not to prevent or to exploit it, with, for example, punitive taxation and continual changes to the legislative and regulative frame. This chapter will examine some of these key themes for institutionalizing entrepreneurship policy in a transition context in more detail, thus building the thematic background for the country chapters of the handbook. The remainder of the chapter is structured as follows. The next section outlines institutionalization as a challenge for entrepreneurship policy. After that, the chapter discusses institutional capacity building, including the regional dimension, governance issues and social dialogue, before proceeding to entrepreneurship policies which, at least indirectly, can support institutional change, namely entrepreneurship education and targeted support. The chapter ends with a short overview of the country contributions to this handbook.
INSTITUTIONALIZATION AS A CHALLENGE FOR (ENTREPRENEURSHIP) POLICY

At the start of the reform process, post-socialist economies faced the challenge of shifting the emphasis from public towards private ownership. Creating a policy context in which new businesses could be set up and grow was a key part of this, although processes to privatize state-owned companies were also established. In this context, a broad understanding of what constitutes public policy is appropriate, because a wide range of government policies and actions can impact on entrepreneurship and small firms; not only policies that are specifically targeted in this way. In particular in a transition context, direct intervention that aims, for example, to secure small firm’s access to finance may appear insignificant alongside the role of government in shaping the regulatory environment for private business; and/or influencing the value placed on enterprise and entrepreneurship in the society at large. Targeted policies will only reach a small minority of firms, at best, whereas the regulatory environment, for example, affects all businesses. Therefore, a broadly defined role for government draws attention to the important role of institutionalizing, referring to institutional development, which involves both the creation of market institutions, such as banks and other financial intermediaries, consultants and training organizations, and of public sector regulatory bodies, together with market oriented behaviour on the part of such institutions.

For a broad view on entrepreneurship policy, institutional theory, a suitable frame of reference is Douglass North’s concept of formal and informal institutions as enabling or constraining influences for economic development (North 1990). North highlights the major role of governments in former planned economies in Europe for entrepreneurship development. From an institutional theory perspective, a key role for governments is related to creating and fostering an enabling environment. This involves creating a formal institutional frame which facilitates market-based transactions, but also paying attention to informal institutions and institutional inertia which has been shown to be a major influence on entrepreneurial behaviour during the transition period (Smallbone and Welter 2001a; Welter and Smallbone 2003).

The institutional frame for entrepreneurship can be considered at different levels of scale (Welter 1997). At the macro level, it includes the responsibility for policy making with respect to entrepreneurship and/or small to medium sized enterprise (SME) development within government, together with the mechanisms for policy implementation. At the meso level, it includes the system of banking and other financial institutions, the training and business support systems, and organizations that seek to represent
special interest groups in dealing with government (such as employers’ associations and Chambers of Commerce). At the micro level, this includes the local operation and behaviour of business development centres, as well as the local implementation of national policies through, for example, local offices of regulatory bodies and those of national agencies and organizations. Whether the overall institutional frame enables entrepreneurship is affected by the relationships between these different levels, as well as by the behaviour of individual organizations within them, a theme which is explored in more detail in Chapters 8 for Slovenia and 10 for Russia.

At the macro level, legal institutions are fundamental for entrepreneurship as they define property rights, set rules for market entry and exit and generally foster market-based exchange and competition. An adequate legal framework includes laws relating to property, bankruptcy, contracts, commercial activities, and taxes. However, it also involves setting up organizations and agencies with the capacity to implement the laws. An adequate legal framework includes laws relating to property, bankruptcy, contracts, commercial activities, and taxes. However, it also involves setting up organizations and agencies with the capacity to implement the laws. Another key issue at the macro level concerns the attitude of the state and society towards entrepreneurship and private ownership, drawing attention to the impact of informal institutions on entrepreneurship development. Again, this emphasizes the importance of creating an enabling framework which is not just restricted to formal institutions, such as laws and regulations, but also pays attention to enhancing an ‘entrepreneurial culture’ and entrepreneurship as a career option.

The financial infrastructure represents a key element of the institutional meso level. Banks under central planning were mere accounting agencies without an active responsibility in financial transactions of households or enterprises; stock exchanges or national venture capital markets did not exist. While most countries succeeded in establishing a two-tier banking system, its adaptation to the financial needs of new and small businesses proceeded much slower. Therefore, during the early stages of the reform process, foreign donors frequently substituted for this by setting up loan programmes for new and small firms.

Institutionalization at the meso level also refers to the creation of a network which offers business services to new and established businesses. This includes self-governed membership organizations, such as Chambers of Commerce, as well as business support centres, offering information, advice, training and, in some cases, premises, many of which were supported by donor funds during the early reform stages (Bateman 2000a). State or donor involvement is usually justified on the basis of failure or deficiencies in the market for business services, combined with the need for entrepreneurs to be able to access external sources of information, advice and training from time to time, as a means of extending their limited internal resource base.
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Institutional change is an integral part of the process of market reform, contributing positively to entrepreneurship where it lowers or removes barriers of entry, for example, with the introduction of private property rights at the beginning of the transformation process. However, institutional change itself can be slowed down or constrained in situations where entrepreneurs rely on previously ‘trusted’ actions such as evasion or non-compliance in order to deal with the uncertainties and complexities of a new and unknown business environment, since such behaviour contradicts the new regulations and laws (Peng 2003; Smallbone and Welter 2009a). For entrepreneurs, uncertainties in institutional rules, associated with institutional change, can be a mixed blessing. A deficient legal infrastructure, which includes implementation gaps and/or a lack of suitably qualified judges and economic courts, can restrict entrepreneurship development because ‘institutional voids’ (Polishchuk and Savvateev 2004) allow for discretionary actions and corruption on the part of administrative authorities, thus fostering non-compliant or deviant (entrepreneurial) behaviour. However, institutional voids can open up business opportunities, as shown in the case of small business service providers in Ukraine in the late 1990s (Smallbone et al. 2010).

All this indicates institutional change, including attitudinal changes at the level of entrepreneurs, but also governments and their implementation agencies, together with enforcement mechanisms, as key issues influencing the effective institutionalization of entrepreneurship policies. Formal institutions are enforced by coercive mechanisms, as mainly set down in government rules, whilst informal institutions are enforced by normative and mimetic mechanisms, which assist in creating legitimacy. This is of particular importance for nascent entrepreneurs and entrepreneurs in environments, where newness of the concept of entrepreneurship may be a potential liability hampering its acceptance in the wider society. It is only in situations where formal and informal institutions combine to form a coherent framework that formal regulations and the ‘rule of law’ will positively shape individual behaviour. In this regard, during the transition period, institutional change often contributed to conflicts between formal and informal institutions, but a key aspect of the effective institutionalization of policy is effective co-ordination between the various institutions involved, both formal and informal. This is a difficult task as illustrated by Chapter 5 for Latvia.

INSTITUTIONAL CAPACITY BUILDING

A major challenge for governments during the reform process is related to institutional capacity building. In a wide perspective, institutional
capacity building extends beyond legal and administrative reforms, including behavioural change in public and private organizations and administrations, at sub-national as well as the national level. Relevant organizations are those which implement the formal institutional frame outlined above: regulatory, registration and tax authorities, private sector institutions such as banks, business support agencies and any professional providing business support, self-governing bodies such as chambers and business associations. In this regard, the next sections will explore the regional dimension of entrepreneurship policies as well as challenges of governance and social dialogue.

The Regional Dimension

Within post-socialist countries, the development of entrepreneurship varies considerably between regions and localities (Smallbone et al. 2001), as it does in most mature market economies (Reynolds et al. 1994). Local and regional governments, together with local ‘bottom-up initiatives’, have a role to play in creating a local entrepreneurial milieu as illustrated, for example, in the case of East Germany in Chapter 2. Therefore, institutional capacity building includes a local and regional component which is required if the contribution of entrepreneurship to local/regional development is to increase – a theme which Chapters 2, 7 and 10 illustrate for the examples of East Germany, Poland and Russia.

In socialist states, local and regional government had little responsibility for, or powers to influence, economic development (Smallbone and Welter 2010b). In some former Soviet countries, such as Belarus and, to some extent, also Russia as evidenced by Chapter 10, little has changed in this respect and central governments continue to play a (too) large role in designing policies, thereby limiting the scope for regional development programmes. This may be illustrated with reference to border regions (such as Belarus–Poland, Russia–Estonia and Bulgaria–Greece or Former Yugoslav Republic of Macedonia); where cross border cooperation involving institutions and enterprises might help to stimulate economic development, but where a lack of appropriate powers, resources and capacity at the regional level is a major hindrance (see Chapter 3). Frequently, this is aggravated by a lack of knowledge and/or discretion in interpreting regulations at the local level related to the handling of entrepreneurs, such as when handing out licenses or collecting taxes. For example, in Belarus, Moldova and Ukraine, entrepreneurs perceived the local institutional environment as more ‘user-friendly’ in the capital than in a peripheral case study region (Smallbone and Welter 2001b). It is at the local level where entrepreneurs typically come into direct contact with the
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various officials representing government, which in view of the room for discretion in interpreting laws and regulations on the part of those responsible for implementing them, increases the scope for spatial variations. This highlights the influence of ‘soft’ factors, such as the level of involvement of local entrepreneurs in the process, and the skills and capacities of local government in this area.

But it also shows the need for reforming local government structures, which have neither the capacity nor resources to effectively engage in regional policy. This has become a pressing issue in many Central and Eastern European countries that are now members of the European Union once the first steps in more urgent policy reforms had been carried out successfully. For example, in Poland administrative reforms in the late 1990s which resulted in the creation of 16 new voivodeships instead of the 49 that had existed since 1975, laid the basis of a decentralized institutional structure to facilitate local economic development, as for example reflected in the emergence of a regional innovation system in the Lodz voivodeship (Chapter 7). However, as the role of the regions in economic development policy in Poland has grown, deficiencies in the legal framework, as far as local policy is concerned, became apparent, indicating the need for further reforms.

The regional dimension of entrepreneurship policies also concerns issues such as the respective responsibilities of authorities at different levels; the coordination of national and regional support programmes, if duplication is to be avoided; the establishment of appropriate lines of demarcation of responsibility; and the need to take steps to avoid unnecessary layers of bureaucracy and duplication of effort, some of which are illustrated using the example of East Germany in Chapter 2.

**Governance and Social Dialogue**

Governance includes the capacities of businesses, community groups, academic institutions as well as government (Hart 2003) all of which can impact on entrepreneurship development. Since governance is concerned with the rules, procedures and practices affecting how power is exercised, it embraces both formal and informal institutions (North 1990, 2005), as well as their legitimacy and effectiveness. In countries that are now member states of the European Union (EU) the path to EU accession has highlighted issues of governance, as part of an attempt to improve the effectiveness and legitimacy of institutions at an EU level, as illustrated by the example of Hungary in Chapter 4.

The European Union highlights openness, accountability, effectiveness of institutions, coherence between policies and actions, as well as
between policies and participation as key principles of good governance (Commission of the European Communities 2001). New member states of the European Union have made significant progress with respect to the openness of public institutions, participation by entrepreneurs in policy formulation, and the accountability of public institutions. Institutional capacity building in this regard includes the ability to lobby effectively, which is a function that did not exist during the socialist period.

In mature market economies, self-governing, self-regulating organizations act as professional intermediaries in the process of dialogue between government and entrepreneurs, in order to ensure that the interests of businesses are taken into account in the decision making of public authorities at different levels. But, Central and Eastern European countries have lacked a recent tradition and experience of self governing organizations, which has represented a particular challenge, as far as building institutional capacity during the Accession period is concerned. For example, Chambers of Commerce existed also during the socialist period, although they were effectively arms of the state. Their main task was not representation and lobbying, but rather they were involved in supporting state-owned large firms (Welter 1997). Once transition started, chambers lost their function, whilst many new ‘bottom-up’ business associations were created. However, effective consultation and engagement with new and small firms is frequently hampered by fragmentation of membership and representative organizations for entrepreneurs as well as by financial difficulties for organizations in those countries where membership of, for example, chambers is not compulsory. Differences in the level of knowledge between government and non-governmental organizations seriously limit the possibility of conducting consultations based on partnership principles. Although the weakness of these structures makes effective consultation difficult, it is important to recognize that entrepreneurs can be a difficult to reach group for consultation purposes, even in mature market economies, as Chapter 4 emphasizes.

SUPPORTING INSTITUTIONAL CHANGE

Experiences during the transition period highlighted the frequently occurring implementation gap between policy pronouncements and actions, often aggravated by a rapidly changing and unpredictable legislative and regulatory environment (Smallbone and Welter 2009b, 2010b). All of this constrained rather than enabled entrepreneurship, forcing many entrepreneurs to recur to illegal or partly legal activities which in turn had a serious impact on societal attitudes towards entrepreneurship. Clearly, the way
that government recognizes and deals with entrepreneurship influences the extent to which involvement in entrepreneurship is an acceptable form of behaviour.

This draws attention to policies that promote an entrepreneurial culture and credible role models. Stevenson and Lundström (2007) classify such policies as ‘entrepreneurship promotion’, as they are aimed at increasing the value placed on entrepreneurship and creating more awareness for entrepreneurship in a society. In their understanding, relevant policy measures include awards programmes, media campaigns and the like. In transition environments, however, it is not just promotion policies that play a major role in supporting institutional change, but also policies aimed at educating entrepreneurs and those targeting specific groups.

**Entrepreneurship Education**

In recent years, promoting entrepreneurship education has increased in importance for governments across Central and Eastern Europe (Zahra and Welter 2008). Entrepreneurship education can contribute to fostering entrepreneurship, at least in the long run, but it also has a more indirect role to play in changing mindsets and in contributing to a society which positively values entrepreneurship.

In most Central European member states of the EU, entrepreneurship education is now offered through private foundations, business associations, and universities. Entrepreneurship education in these countries is usually built on existing teaching traditions, but Chapter 6 also demonstrates the need for programmes which take into account country traditions and problems arising during the transition period. These occur because often entrepreneurship education is linked to business education and management faculties and/or are equated with small business management (Zahra and Welter 2008). Moreover, where entrepreneurship education is offered by international business schools, as in Latvia or Russia, this impedes the development of local teaching expertise and materials, especially where no attempt is made to educate and train local teachers.

In countries where the pace of economic and political reforms has been slow, most entrepreneurship education still exists outside higher educational institutions, offered instead by business support centres and enterprise development agencies. This raises a question about the sustainability of these efforts as most such centres are heavily reliant on donor funding (Bateman 2000b). Some international donors have also initiated specific projects to train and educate potential entrepreneurs, focusing mostly on general management issues and neglecting ‘soft’ behavioural factors of teaching entrepreneurship. Isakova and Smallbone (1999) found that
most private educational institutions in Eastern European countries in the 1990s focused on training managers who worked for large multinational companies. This leaves a major void in existing educational programmes which are not equipped to motivate students and graduates to pursue entrepreneurship, particularly in the early stages of transition or in those countries where reforms have stalled, since there is little reward in these circumstances for new venture creation.

However, this is exactly where entrepreneurship education aimed at higher education institutions, could make a difference in promoting a willingness to explore various opportunities for creating and growing companies.

**Targeting Support**

Direct interventions at the level of firms or individuals are meant to overcome or reduce systemic barriers or market failure, often with the aim to increase start-up rates of under-represented groups (Lundström and Stevenson 2005; Stevenson and Lundström 2007). While in early stages of transition, most governments embarked on direct interventions aimed at overcoming problems related to firm size and structural deficits, this changed in later stages of the transition process with targeted support aimed at increasing the participation of specific groups, gaining importance. Many governments in post socialist countries started to consider means of how to foster the entrepreneurial potential of women and young people (for example, Blokker and Dallago 2008). The participation of both women and young people is understood as contributing to economic growth and reducing unemployment, thus fostering both a competitive economy and social inclusion.

Women’s entrepreneurship in a transition context is an excellent example to illustrate the complex interrelationships between institutional change and targeted support policies. On the one hand, the political and economic changes fostered entrepreneurship by both men and women. However, women faced additional challenges because of the renewal of ‘patriarchal’ gender orders in many post socialist countries, forcing many women back into ‘traditional’ gender roles and the private family sphere (Welter and Smallbone 2008). Research has shown how women entrepreneurs in such circumstances start to break out of norms which ascribe traditional gender roles (Welter and Smallbone 2010). In this regard, women’s entrepreneurship has played, and continues to play, an important role in modernizing these societies and in contributing to changing public attitudes towards women, with possible benefits relating to the economic potential of female entrepreneurs. Women’s entrepreneurship may foster
institutional change, especially with regard to social norms and values, while institutional change is also needed for women’s entrepreneurship to emerge. Therefore, targeting support policies at women entrepreneurs also requires governments to consider the wider effects of the institutional environment on their target groups and address any difficulties in this regard.

CONTRIBUTIONS TO THE HANDBOOK

The remainder of the Handbook is structured in three parts. Part I, consisting of seven chapters, deals with different aspects of entrepreneurship policies in the ‘New Europe’ which, besides East Germany, includes new member states of the European Union, joining in the first or second round during the 1990s.

Chapter 2, by Hofer and Welter is concerned with the local dimension of entrepreneurship policies in East Germany. The authors suggest that, as entrepreneurship is primarily a local event, local governments need to adopt a proactive role in order to enhance entrepreneurship development in their regions. The example of East Germany illustrates that for policy delivery to be effective, entrepreneurship policies need to be adapted to their respective local contexts. At the same time, to be effective entrepreneurship policies in East Germany require an integrated policy approach to fostering entrepreneurship development, but many local governments in East Germany continue to follow a ‘piecemeal’ approach, based on narrowly defined direct interventions.

In Chapter 3 Todorov, Kolarov and Smallbone analyse the development potential of cross border cooperation in border regions, emphasizing how a more effective regional policy could encourage it. The development of cross border cooperation is affected by many factors, including common or shared culture, the historical legacy, the wider political environment, as well as by economic conditions on the two sides of the border. The example of Bulgaria is used firstly, to demonstrate the development challenges facing border regions; secondly, to show the potential contribution that cross border cooperation can make to regional development in border regions; and thirdly, to highlight the types of policies needed to encourage and support this.

Chapter 4 takes up the theme of social dialogue and governance, in the context of new EU member states. Drawing on Hungary as example, Smallbone, Roman and Blackburn explore the challenges in building effective social dialogue for countries with no recent tradition of self governing organizations; a heritage of trade unions and business that were heavily politicized under the previous system; a pattern of private sector
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development that is dominated by small firms, which are a ‘difficult to reach’ group in social dialogue terms in most European countries; and a lack of resources and relevant experience. At the same time, the chapter questions the current approach to social dialogue in the EU because of the apparent mismatch between the under-representation of small firms in social dialogue alongside their widely recognized contribution to the European economy.

Sauka and Welter, in Chapter 5, consider the role of various public and private actors in shaping entrepreneurship policies in Latvia, thus contributing to or constraining institutional change in a country where until the early 1990s private entrepreneurship was illegal. Their chapter illustrates the difficulties involved in developing efficient communication and consultation mechanisms between policy makers and entrepreneurs. Although EU membership pushed institutional change in Latvia, the evidence in Chapter 5 draws attention to ‘unchanged’ mentalities and mindsets of politicians and entrepreneurs alike, resulting in conflicts between formal and informal institutions.

Chapters 6 and 7 discuss entrepreneurship policies in Poland. In Chapter 6, Cieślik takes up the theme of the role of (entrepreneurship) education in enhancing entrepreneurship as a career option and thus implicitly contributing to an overall positive attitude of society. The chapter discusses challenges for entrepreneurship education in Polish universities, in particular with regard to encouraging the establishment and development of dynamic, knowledge- and growth-oriented business. Touching on the difficulties inherent in any transfer of knowledge and policies, the author indicates the need to contextualize entrepreneurship education programmes into their respective socio-economic context.

Rogut and Piasecki (Chapter 7) illustrate the development of a market-oriented regional innovation system in Lodz which is aimed at helping the region to overcome its structural and economic difficulties. Although a regional innovation strategy already was adopted in 2004, this did not result in accelerating the development of a knowledge-based economy in the region. In this regard, the authors outline the recent steps undertaken by the Lodz government to overcome its regional weaknesses and enhance its regional strengths, highlighting how entrepreneurship research can help to inform local government.

Chapter 8 provides detailed insights into the institutionalization process of entrepreneurship policies in Slovenia. Rebernik and Bradač show how entrepreneurship policies and the overall institutional frame developed during the 1990s in three distinct periods, with each period being characterized by a different set of tasks, actors and policy priorities. Again, this draws attention to the role of the European Union in advancing
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in institutional change, although a more coherent strategic approach towards entrepreneurship and SME policies was only established after 2004.

Part II of the Handbook consists of three chapters, discussing challenges of entrepreneurship policies in selected countries beyond the European Union. Chapter 9, authored by Xheneti, is an in-depth analysis of the policy transfer process in Albania. Based on the example of the endorsement of the EU SME Charter, the author demonstrates how EU discourses can shape national discourses without being embedded into a coherent national entrepreneurship strategy. Whilst policy transfer can help formerly socialist countries to develop their entrepreneurship base, it needs to be accompanied by ‘policy learning’, in order to take into account respective country contexts.

In Chapter 10, Chepurenko analyses entrepreneurship and SME policies in Russia, sketching developments and challenges since the mid-1990s, which again emphasizes the importance of contextualizing entrepreneurship policies. Although Russia was in need of policies to create an enabling environment for new and small firms, the Russian federal government started by establishing SME policies, mainly based on direct interventions, which tended to foster ‘unproductive’ entrepreneurship (Baumol 1990). The author illustrates a shift towards a more entrepreneurship-policy oriented agenda, but the persisting implementation gap reflecting ‘old’ socialist habits in administrations prevented a fundamental policy change.

Chapter 11 takes a closer look at women entrepreneurs in Ukraine, illustrating how institutional change can contribute to women’s entrepreneurship, but also restrict it. Isakova applies both gender and entrepreneurship perspectives to analyze the complex relationships between formal and informal institutions where institutional change forced women out of the labour market. This rendered entrepreneurship an attractive opportunity whilst at the same time forcing them into housebound roles. More progress with fostering women’s entrepreneurship requires appropriate policies that also take into account the impact of the overall institutional frame on women entrepreneurs.

Part III contains the concluding chapter by Smallbone and Welter, which outlines conclusions and challenges for entrepreneurship policies in a wider Europe.

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