

1. European entrepreneurship in the globalizing economy: an introduction

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What role can entrepreneurship play in a European economy that is more and more open to the rest of the world? In this European construction, what is the place of the countries and economies that have only recently converted to a free market economy? It is these questions, among others, that were addressed by the participants at the 'European Entrepreneurship in the Globalizing Economy: Challenges and Opportunities' conference, which took place from 9 to 12 September 2008 in Varna, Bulgaria. Numerous researchers and practitioners from Eastern Europe were brought together during this conference, and we include here a selection of the best papers that were presented on this occasion. Before giving an overview of the various contributions that make up this book, we will briefly outline a few trends in the evolution of entrepreneurship as a field of research.

Entrepreneurship is a phenomenon that depends heavily on the contexts in which it happens and develops. Entrepreneurship, generally defined as 'how, by whom and with what effects opportunities to create new goods and services are discovered, evaluated and exploited',¹ is very much conditioned by the level of economic development and the cultural, political and social contexts in which it appears.² It is common knowledge, for example, that entrepreneurship in developing countries, or countries in transition, is quantitatively and qualitatively different from what we observe in developed countries.

Moreover, the nature of entrepreneurship changes by moving from a narrow and simplistic vision (new-venture creation) to a far more complex and sophisticated concept.³ As the phenomenon gains impetus, we are witnessing a multiplication of its definitions and forms. Some authors evoke the emergence of an entrepreneurial economy in which knowledge in particular would play a key role.⁴ Implicitly, they also talk of an entrepreneurial society and institutional or cultural norms, applied nationally or locally, that would contribute to naturally shaping entrepreneurs

by influencing individual behaviour.⁵ For others, entrepreneurship is a method, a frame of mind, a way of thinking, of raising and solving problems. The systemic view is adopted by many practitioners and researchers.⁶ The new firm is seen as an open system that evolves in its environment: it is not surprising therefore to see the importance granted to actor networks, social interactions and exchanges with the institutional environment. Whatever the context under consideration, the development of entrepreneurship seems largely conditioned by the implementation of a specific ecosystem. The entrepreneur is a component of this system, but he or she is far from playing the leading role, or at least his/her expertise and skills have evolved into a situational intelligence, that is to say a capacity to decode contexts (political, economic, legal, social and cultural environments) with which he/she intends to interact.

As a consequence, the environment in its broadest sense, entrepreneurial action support systems and entrepreneurial stakeholders are becoming more and more important. Researchers put forward, for example, the need to create an entrepreneurial ecosystem⁷ in order to develop rural entrepreneurship⁸ or to enable the environment to specialize and allocate structures and resources that will dynamically encourage the process of new venture creation.⁹ Finally, several authors consider that entrepreneurship and its benefits can only develop within a formal institutional framework designed to promote and support entrepreneurial activity. This suggests a rethinking of public policies, which are often founded on illusions and old ideas.¹⁰ The results of public entrepreneurial policies are disappointing and there are myths regarding entrepreneurs' contribution to economic growth and employment. Some believe that public policies target all and sundry whereas many researchers attribute the inefficiency of measures to the huge variety of entrepreneurial situations and contexts in which they are deployed. Finally, we must insist on the necessity, on the one hand, to find the most appropriate frameworks and methods to evaluate public policies and, on the other hand, to simplify and make clearer (more comprehensible to entrepreneurs) public policies, measures and support initiatives.

In view of these trends and fundamental evolutions, and the numerous questions they raise, in what follows we will present the various authors' contributions to this work.

MACRO-ECONOMIC FACTORS IN DEVELOPING ENTREPRENEURSHIP

The entrepreneurial process needs to be conceptualized in order for entrepreneurs' actions and contributions to be better understood. Each of the

five chapters that make up the first part of the book sheds a little light on the role of environmental factors in the development of entrepreneurial behaviour.

In Chapter 2 ('Innovative Schumpeterian entrepreneurship: a systemic perspective'), Hanns Pichler helps us rediscover the work and thoughts of Joseph Schumpeter. In trying to depict the background and scientific 'environs' in which Schumpeter's visionary *Theory of Economic Development* (1912) came out, classical and neoclassical thought as well as Marx's 'Capital' had already for some time been exposed to academic scrutiny by the learned community. The entrepreneur explicitly figures in neither classical-neoclassical nor Marxian visions. Schumpeter's truly seminal interpretation of the capitalist process sees the entrepreneur as such taking centre stage as the 'pioneer' and driving force in a dialectic sense as, in fact, a kind of villain, as the 'antithesis' to the market system. The entrepreneur is indeed depicted as an element constantly striving to outmanoeuvre constraining competition, to 'trick' given market conditions and, thereby, forever challenging the 'system' itself; or more pointedly still: when and wherever possible to be, or to become, a monopolist. When relating this to modern entrepreneurship and its pivotal role in a regional and global or, more specifically, in a structural as well as developmental context, Schumpeter's vision may nowadays, more than ever in these times of dynamic change, serve as a guide for any entrepreneurially oriented policy formulation.

Chapter 3, 'Sustainable transborder business cooperation in the European regions: the importance of social entrepreneurship', by Raymond Saner and Lichia Yiu, highlights the importance of social entrepreneurship in making cross-border business cooperation sustainable. Three social roles are put forward that could facilitate transborder integration, namely those of Business Diplomats, Entrepreneurial Politicians and Cultural Ambassadors. These roles are proposed as complementary social competencies for business people, government officials and representatives of social society who play a leading role in transborder cooperation. The tri-national region of the Upper Rhine Valley is used to illustrate the potential usefulness of these new concepts. The area in question encompasses the neighbouring provinces of Switzerland (Basle), France (Alsace) and Germany (Baden and Southern Palatinate).

In Chapter 4, 'Understanding the impact of culture on a firm's entrepreneurial orientation and behaviour: a conceptual framework', Alain Fayolle, Olivier Basso and Véronique Bouchard propose a cultural model of firms' entrepreneurial orientation. The entrepreneurial orientation construct is at the heart of corporate entrepreneurship. Built around dimensions such as innovativeness, risk-taking, pro-activeness, autonomy

and competitive aggressiveness, the entrepreneurial orientation construct appears as a useful and powerful tool for assessing entrepreneurial behaviour at firm level. Little empirical research has been devoted to understanding the factors and conditions that produce entrepreneurial orientation. Generic explanatory variables such as environment, organization, strategy and culture have been mentioned in past research, but although a number of hypotheses have been proposed, few have been thoroughly developed and tested. In this chapter, the authors focus on one explanatory variable – culture which they develop on multiple axes. They propose a framework that aims to provide a better understanding of how three interdependent levels of culture – national, industrial and corporate – influence firms' entrepreneurial orientation.

David Watkins, author of Chapter 5, 'Probioprise: engaging entrepreneurs in formulating research and innovation policy at the European level', presents a project commissioned by the EU Directorate General for Research. Its goal is to identify a research programme which will help entrepreneurs address simultaneously two major cornerstones of EU policy: the Lisbon Agenda, which seeks to make Europe globally more competitive by encouraging enterprising behaviour; and the Gothenburg Declaration, which aims to halt and reverse the loss of biodiversity in Europe by 2010. As we can see, this project covers two issues, entrepreneurship and biodiversity, that are extremely important for Europe in that they relate both to its competitiveness in the global economy and to the preservation of its ecological resources.

In Chapter 6, 'The third sector in action: a cross-border partnership in the western Balkans', Jovo Ateljevic explains how an NGO (non-governmental organization) engages in activities of social and institutional entrepreneurship. A western Balkans region, known as the Drina Valley Tourism Region, encompasses eight municipalities, four from each side of the Drina river which forms the border between Bosnia and Herzegovina and Serbia. The regional economy is heavily dependent upon agriculture and a few tourism activities with good prospects for innovative tourism development. One of the main problems facing all the municipalities is negative population growth and an increasing number of younger people permanently leaving the region. The chapter underlines the role of institutional entrepreneurship in bringing solutions to these problems and in contributing to the regional economic development.

MICRO-ECONOMIC FACTORS IN NURTURING HIGH POTENTIAL SMES

In the second part of the book, the five chapters examine the role of organizational factors in the development of young firms with high growth potential.

Chapter 7, 'Board network characteristics and company performance in Sweden: the case of Gnosjö companies and their board members in southern Sweden', by Ossi Pesämaa, Johan Klaesson and Antti Haahti, focuses on selected characteristics of enterprise boards and their influence on performance in companies located in Gnosjö, one of Sweden's best known industrial districts. The aim and contribution of this chapter is to propose and test a model that reflects the relationship between board characteristics, administration, company age and performance. The results show that the number of commitments among board members, as well as company age, impacts significantly on company performance based on sales and sales per employee. Support for the model is significant, and the authors believe these results have valuable practical as well as theoretical implications.

In Chapter 8, 'Knowledge creation and management in an Italian biotech startup', Massimo Merlino and Stefania Testa explore knowledge management in small technology-based firms. Although knowledge management is important for all industries, it is particularly relevant to the so-called knowledge-intensive sectors, due to a need for high innovativeness. The biotechnology industry features among these and, due to its high growth rate and impact on economic output, it has attracted the attention of the managerial and academic communities. There are essentially two types of companies within this industry: integrated companies or product-oriented firms (pharmaceutical, food and agricultural, chemical, and so on) that utilize biotechnologies for production or research purposes; and specialized biotechnology companies or technology-oriented firms. Specialized companies are usually small young companies and play a very important role in the development of biotechnologies. The survival and growth of such firms depend mainly on their ability to absorb and exploit new technological advancement, and this creates an incentive to enter networks at a faster pace than other less knowledge-intensive companies. Under these conditions, the way in which these new technological firms create and manage advanced knowledge through internal and external sources remains of major strategic importance.

Chapter 9, 'The international product venturing of a biotech SME: knowledge combination in upstream and downstream networks', is centred on similar questions in the same biotechnology industry. Daniel

Tolstoy states that research has highlighted the fact that international product venturing is critical for the competitiveness of SMEs in foreign markets. Despite the academic consensus, researchers still have limited knowledge about the predictors of international product venturing of SMEs. In response to this research gap, this chapter advances the argument that knowledge input from both upstream and downstream networks provides a multitude of options for knowledge combinations and therefore determines the trajectory for international product venturing. The purpose of the study is to examine knowledge combinations in and across upstream/downstream networks in the context of a biotech SME's international product venturing.

Chapter 10, 'Building competitive advantages in the process of business growth: the case of Bulgarian technology-based SMEs', studies the growth of technology-based SMEs, which attract intense attention from political and economic leaders. In this chapter, Kiril Todorov and Iliya Kerezhev reveal and highlight the relationship between the creation and development of competitive advantage and growth management of SMEs. On this basis they attempt to identify and analyse the main competitive advantages of Bulgarian technology-based SMEs and their prospects for development. The authors use Wickham's conceptual framework as a theoretical basis for analysing competitive advantage and its relationship with business growth.

Finally, Chapter 11, 'Business pre-incubator as a learning network: a case study in the University of Applied Sciences', written and proposed by Kaija Arhio and Marja-Liisa Kaakko, takes as a starting point the significant role of business incubators in promoting entrepreneurship in higher education institutes. The business incubating process can be seen as an organizational learning process. The concept of the learning network has been used mainly in the context of web-based learning environments, regional development and knowledge and technology transfer between universities and small enterprises. It has also been discussed as an aid to developing strategic capability among SMEs. In this chapter the authors use and discuss the concept in the context of business incubators. The main aim of this chapter is to present a practical example of how to support entrepreneurship as a part of university studies.

NOTES

1. Shane and Venkataraman (2000).
2. Atamer and Torres (2008).
3. Which, of course, does not question its economic and social importance.

4. Audretsch and Thurik (2004).
5. See, for example, Audretsch (2007).
6. See in particular Bruyat (1993).
7. All the interconnected elements including individual risk takers, resource providers, intermediaries, needs and demand for goods and services, should act together in order to create a virtuous circle of wealth creation (Lee and Phan, 2008).
8. Lee and Phan (2008).
9. Venkataraman (2004).
10. See, for example, articles by Philippe Albert and Didier Chabaud in the first issue of *L'Expansion Entrepreneuriat* (January 2009).

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