

SOME REFLECTIONS AND COMPARISONS REGARDING THE ENTREPRENEURSHIP RESEARCH IN EUROPE

Oncioiu Florin Razvan

Constanta, str. Brizei, nr. 5A, bl. FB7A, ap. 1, e-mail: oncioiu_florin@yahoo.com University of Agronomic Sciences and Veterinary Medicine of Bucharest

Recent entrepreneurship research is characterized by the interest in divergent conditions for entrepreneurship, but also very different research traditions between countries.

Entrepreneurship research in Europe has a long tradition and can in many ways be regarded as the birthplace of theoretical entrepreneurship studies. However, in the late 20th century, entrepreneurship re-emerged on the political agenda across Europe, and during the 1980s and especially in the 1990s developed a foothold within European research. Entrepreneurship and small business research is to a great degree international, exhibiting the same positive development in Europe as in other parts of the world.

The aim of this paper is to describe entrepreneurship research in the various parts of Europe.

Keywords: entrepreneurship, small business, economy.

JEL: L26.

Introduction

Entrepreneurship has a long tradition within economics, but it is difficult to identify any uniformity regard the use of definitions. Practical, economists were the first to attempt to endow the concept of entrepreneurship with greater scientific meaning.

There are ambiguity about the content of the concepts entrepreneurship. Different studies have used many various definitions. For example, Morris found 77 different definitions in a review of journal articles. Some common definitions for entrepreneurship are :

Act of innovation that involves endowing existing resources with new wealth-producing capacity (Drucker 1995);

Process by which individuals pursue and exploit opportunities irrespective of the resources they currently control (Stevenson 1985);

The creation of organizations, the process by which new organizations come into existence (Gartner 1988);

Way of thinking, reasoning, and acting that is opportunity driven, holistic in approach, and leadership balanced (Timmons 1997);

About how, by whom, and with what consequences opportunities to bring future goods and services into existence are discovered, created, and exploited (Venkataraman 1997).

The view of entrepreneurship as the emergence of new organizations has found expression in two international projects: The Entrepreneurship Research Consortium (ERC) and the Global Entrepreneurship Monitor (GEM).

But, the rapid development of entrepreneur concept within the field has had some adverse effects. For example, concerns have been raised in respect of :

1. the problem of defining entrepreneurship and the uncertainty in the domain of entrepreneurship: some definitions are related to entrepreneurship as a societal phenomenon, while others are related to the need to define entrepreneurship as a scholarly domain. Davidsson argues that we need to distinguish between „entrepreneurship as a societal phenomenon” and „entrepreneurship as a scholarly domain”. Following the reasoning of Davidsson the definition of entrepreneurship as a societal phenomenon is inadequate for entrepreneurship as a scholarly domain because we can indentify a number of fundamental approaches to defining entrepreneurship: entrepreneurship as a function of the market; entrepreneurship as an individual, and entrepreneurship as a process.

2. entrepreneurship research gradually changed from being a topic within economic science, becoming a part of behavioral science, before finally moving into the area of management science.

However, today the efforts to attain coherence by unified entrepreneurship research are open to questions like: What are the contribution of entrepreneurship reasearch? How to remove the difficulties in defining core concepts? What makes entrepreneurship reasearch unique?

The entrepreneurship research in Europe

Entrepreneurship in Europe has several characteristics:

1. entrepreneurship research is characterized by its diversity;
2. in order to stimulate development in society the entrepreneurship research has received more attention;
3. there is an acceptance of a broader range of methodological approaches among European researchers;
- 4.the diversity of entrepreneurship research in Europe influences not only the methodological approaches used and the topics chosen but is also reflected in the research communities in the various countries.

There is a very great variation in research traditions between countries (Hisrich & Drnovsek, 2002) in terms of not only the size of the research community in each country but also the researchers' disciplinary backgrounds and epistemological concerns. Due to the great heterogeneity and diversity of the continent, it seems difficult to give an adequate description of entrepreneurship research.

In Europe, Great Britain was one of the first countries to be hit by the economic structural changes at the end of the 1960s and early 1970s. The Northern part of England was a region especially affected by these structural changes, along with Wales, Scotland and other older industrial areas, resulting in business closures and a high rate of unemployment. It was this recession that prompted increased political interest in entrepreneurship and the small business sector. Due to their ability to create jobs, which large corporations were unable to provide, small firms were regarded as the answer to the employment problems resulting from structural changes. The growing political interest in small firms on the part of the UK government at this time led the British government to initiate a comprehensive inquiry into the role of small businesses in the economy. The final report, the Bolton report, was presented in 1971 and exerted significant influence on politicians, academics and the media. During the 1970s the political parties developed explicit small business policies and the media devoted more coverage to the small business sector, thus leading to an interest in small business research among academics in the UK.

The political agenda in terms of entrepreneurship and small business changed dramatically in the early 1980s when Margaret Thatcher came to power (1979). Thatcher had an ideological view of entrepreneurship and small businesses and initiated a large number of measures in order to change the mentality of the people in the UK - creating an entrepreneurial culture - including privatizations, deregulation, a new tax regime, and a large number of new instruments to stimulate new and small businesses. Entrepreneurship and competition were two central concepts in this policy, concepts which also influenced academia. The universities were expected to be increasingly self supporting, which led to increased competition between them. As a consequence, the research became more empirical and concentrated on areas that were likely to create revenue for the university in question - contract research offered one of few mechanisms for obtaining research funds in a situation where core research funding were extremely limited. At the same time, many education programs focusing on entrepreneurship and small business management were established at different universities, several of which emphasized training and education for small business managers. Thus, Thatcher had a very broad approach to entrepreneurship it was a question of changing the minds of people and she was very influential in this regard.

At the end of the 1980s the UK Economics and Social Science Research Council (ESRC), in collaboration with private sector businesses and some government bodies, initiated a comprehensive small business research program (the ESRC Small Business Initiative) an initiative which could be regarded as a real milestone and put small business research on the map. David Storey was appointed program coordinator. The ESRC Initiative focused on four areas: (1) the economic role of small firms within a national and international context, (2) local labor markets and small firms, (3) structural and organizational issues, and (4) determinants of the birth, survival and growth of small firms. A large number of projects were undertaken and three research centers were established (Kingston, Cambridge and Sussex universities). Storey decided to select several well known researchers who were not regarded as small business researchers, which afforded the program a diversity of interest, a multidisciplinary character, and ensured high quality research. The studies performed as part of the program were all very carefully designed with interesting analyses that have contributed a variety of new knowledge to the research in this field.

In the 1990s the interest changed toward growth oriented established businesses.

The Nordic countries (Denmark, Finland, Norway and Sweden) have, despite their geographic proximity, quite different traditions of entrepreneurship and small business research and must therefore be treated separately.

During the recession in the Swedish economy in the 1970s, great hopes were pinned on small businesses, with the ensuing call for more knowledge about the sector. Research was, however, limited to a small number of researchers and the research began to specialize in studies of networks and local entrepreneurial cultures.

In the 1980s the state made considerable reform to stimulate the small business sector, and throughout the decade there was a vigorous increase in entrepreneurship and small business research. Researchers attempted, in as far as possible, to link knowledge to concepts and models within the area of business administration, which resulted in the limited influence of other disciplines. The growth of research was characterized by (1) the spread of research to many universities throughout the country - a geographic diffusion of the research, (2) a change as regards the object of study - from the traditional family business to new types of small firms, such as technology-based firms and fast-growing businesses, and (3) although the research was rooted in the discipline of business administration, at this time it began to mould an identity of its own - the researchers began to regard themselves as specialists in entrepreneurship and small business.

Among the Scandinavian countries only Finland shows a similar development to that of Sweden within the area of entrepreneurship and small business, and it is primarily since the mid 1980s that the research and education in this subject area have been greatly intensified.

Today almost every university in Finland has a full or associate professorship in entrepreneurship indicating that the number of chairs and researchers is relatively large in Finland, but also implies a fragmentation of the research despite the fact that a number of centers conducting more systematic research within the field have emerged.

Similar to the other Scandinavian countries, interest in the area of entrepreneurship and small business in Norway first appeared on the political agenda in the 1970s when the Norwegian government released a white paper on small business.

Since the 1980s entrepreneurship and small business have been on the agenda in several universities, but the efforts within the field have been uncoordinated and unsystematic. However, during the 1990s, Bodo Graduate School of Business in Bodo in the northern part of the country and Trondheim University of Technology have turned out to be the leading exponents of entrepreneurship and small business research, and we can find a more systematic form of entrepreneurship and small business research at these two universities. Under the direction of Lars Kolvereid, the business school in Bodo was the first to offer graduate courses in entrepreneurship in 1986, a master program was introduced in 1995, and a PhD program started in the early 2000s.

A key feature of the industrial structure in Denmark is the lack of large corporations. As a consequence, it has proved difficult to distinguish entrepreneurship and small business research from management studies in general. This has also resulted in the fact that there are few research centers dedicated to entrepreneurship and small business research, the research community is fragmented and dominated by researchers with many years experience of entrepreneurship and small business research, for example, Mette Monsted and Poul Rind Christensen to name two of the best known within the field. Traditionally, governmental and regional institutions have also assumed responsibility for counseling and research, even if the importance of these institutions has gradually declined in line with the increasing importance of academic research.

At the same time a couple of other studies emerged which indicated intensified activity in the area of small business research in Denmark. Several quantitative studies were presented, which focused on the number of entrepreneurs and their socioeconomic importance.

The linkage between knowledge development in entrepreneurship and the development of industry and trade has continued. For example, much of entrepreneurship research has been financed by government ministries and the academic interest in entrepreneurship and small business has continued. At the Copenhagen Business School, research has been channeled to the Department of Management, Philosophy and Politics, where the interest has been broadened and today involves several different research themes.

In the German speaking countries there is a long tradition of entrepreneurship research dating back to the early Schumpeterian theory of economic development. However, it is not pure entrepreneurship that has been the main characteristic of the German speaking countries but the dominance of small firms, especially in craft, retail and service businesses. Over the years, a number of research institutes have been established aimed at developing management practice and knowledge, mainly connected to different sectors of industry. Thus, there is extensive research on the small business sector conducted outside the academic setting, but in many cases with some form of link with the universities. The relationship between the Universities and the Institutes can be characterized by a division of labor, with the Institutes focusing on continuous observations of the sector and applied research, mainly on aggregate levels of analysis, whereas the Universities concentrate more on basic research.

These extensive research efforts in the German speaking countries indicate that the research is on the threshold of a breakthrough and is growing rapidly, although some decisive factors should be taken into account.

Both Italy and Spain are countries that have many small businesses, not least in the form of family-run firms in the tourism and service sectors. In common with most industrialized countries, Italy experienced major changes in the industrial structure during the 1970s and at the start of the 1980s with the growing importance of small businesses for economic development and the high proportion of self-employment. The major fluctuations in the world economy in recent decades have had important consequences for Italian industry, as many sectors are strongly dependent on export. Despite this, Italy has been relatively successful, among other things due to the devaluation of the lira and the continuous undervaluing of the currency, which has made Italian products more competitive.

Thus, economists and researchers within industrial economics have dominated Italian small business research for a long time. In recent years we can, however, discern an increasing interest in the situation of small companies among researchers with a focus on micro-level analysis. One of the main characteristics of small business research in Italy is that the research is to a large extent individual and highly fragmented - it is hard to identify a homogeneous research community around small business research. In recent years, however, Italian small business research has increasingly acquired a stronger empirical foundation as well as a more international character.

In Spain there was an early interest and we are talking about the early 1970s in the personal characteristics of the entrepreneur and the attitudes toward entrepreneurship among students and managers, an interest which grew strongly during the 1980s. The research on the characteristics of the entrepreneur as an individual has however stagnated, and research is instead directed toward topics such as the "economic and financial structure of SMEs" and "SME strategies", but also research on family businesses and public policies for SMEs has been fairly prominent.

During the initial period (1980 to 1995), a feature of the research was a lack of empirical studies articles that informed about themes relating to small firms and entrepreneurship, but without a base in empirical studies. In the case of empirical studies, quantitative methodological approaches dominated.

One of the main issues facing the transition countries is the need to develop a private business sector. This development from public to private sector ownership has taken various forms including (1) a direct privatization of former state owned enterprises - in many cases managers of state-owned enterprises as well as former politicians (the nomenclature) have used their influence to privatize "their enterprise", (2) private firms tolerated during the socialist period, for example, craft enterprises in Poland, continued to exist during the transition period, and (3) the creation of completely new businesses, including self-employment and part-time businesses (in many cases in order to provide "self help" for former employees of state-owned enterprises Who were made redundant or have been forced to resign as well as many informal sector businesses).

However, it should be emphasized that each transition was different and that the countries are now at different stages in their development toward a market economy - entrepreneurship seems to have developed more quickly in countries where reforms proceeded smoothly and quickly.

As a consequence, the interest in small business research increased dramatically. For example, considerable research has been conducted in the Czech Republic, Hungary, Poland and Slovakia due to the growth of entrepreneurship in these countries as well as to their membership of the OECD (the Organization for Economic Cooperation and Development) and various EU funding programs that have given domestic researchers the opportunity to collaborate with researchers in western countries.

Conclusions

In conclusion, Finland today has a large infrastructure in the area of entrepreneurship and small business research, as evident from the fairly large number of chairs and researchers within the field, and the soaring number of dissertations, but also a fragmentation and lack of long-term systematic research within the field.

Also, the bulk of research within the German speaking countries has, due to the industrial structure and business culture, been focused on small businesses and to a lesser extent on entrepreneurship. However, for a long time there have been individual initiatives aimed at highlighting entrepreneurship research.

To sum up, entrepreneurship research in Spain can be said to be emerging. As much of the research is performed by doctoral students, it is seldom presented in international scientific journals. The research is also strongly fragmented among different universities with an interest in entrepreneurship and small businesses.

One main problem is that the quality of aggregated economic data does not follow market principles or Eurostat (the Statistical Office of the European Union) standards, thus research based on official data should be treated with caution. In addition, the informal economy is widespread in the transition countries, which means that a large proportion of actual economic activity is not measured by formal indicators.

The international research community has shown an interest in this transformation process and considerable research has been conducted both by native researchers and visiting researchers from Western countries, the results of which have been presented in many journals and at international conferences. In addition, a couple of specialized conferences have been established thus contributing to the diffusion of knowledge about the transition process.

References

1. Amatori, F. & Colli, A. (2007), *Entrepreneurship: the Italian story*, in Corbetta, G. & Huse, M. & Ravasi, D. (eds.), *Crossroad of Entrepreneurship*, Dordrecht: Kluwer
2. Hisrich, R.D. & Drnovsek, M. (2002), *Entrepreneurship and small business research a European perspective*, *Journal of Small Business and Enterprise Development*, 9, 2, 172-222.
3. Klandt, H. (2006), *A Study on the State of Entrepreneurship Education and Research at German Speaking Universities and Polytechnics*, Working Paper, Oestrich-Winkel, Germany. Schmidt;
4. Welter, F. & Smallbone, D. (2003), *Entrepreneurship and enterprise strategies in transition economies: An institutional perspective*, in Kirby, D.A. & Watson, A. (eds.), *Small Firms and Economic Development in Developed and Transition Economies: A Reader*, Aldershot: Ashgate