

Researching Entrepreneurship in innovation driven economies

**Challenges and Problems on the basis of a holistic analysis
of entrepreneurial intensions and activities.**

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Abstract

1. Introduction: Research objectives/question

In European Community exists a growing concern about the current low status of entrepreneurial activities (GEM Monitor). The low rate of entrepreneurial intensions and activities appears to be difficult to explain, as national governments and the European Communities take considerable efforts to promote entrepreneurship through a number of initiatives and a favourable environment. This applies in particular to the economies like e.g. Germany and France. Due to high unemployment rates in countries like Slovakia, Spain or Italy one can measure a higher rate of entrepreneurial intensities, however, also a high abortion rate within the start-up processes. The resulting research question is what are the determinants of entrepreneurship in innovation driven economies? Thereby the particular interest is to concentrate on opportunity based entrepreneurship, as this type of entrepreneurship allows to evaluate more closely the influence of the macro, meso and micro environment towards entrepreneurial behaviour without push factors. The importance of this question can be grounded on the fact that the income structure in innovation driven economies has changed towards knowledge and project based economy. In addition, the value chains are highly based on the application of information and communication systems. Hence, also these structural effects need to be considered in evaluating efforts to promote entrepreneurship in innovation driven economies.

2. Conceptual development of the paper

The conceptional development of the paper is based on the understanding of entrepreneurship and the determinants of entrepreneurial behaviour through economic, social and behavioural,

regional development and organisational theories. The key point here is to understand entrepreneurial behaviour as a result of a matching process between the environment or eco-system/economic situation and private social behaviour divided into interest – intentions and activities. Thereby the external environment sends the trigger and signals for the individual behaviour. The interest and intentions to entrepreneurship will be the end converted on the basis of concrete business ideas into entrepreneurial actions. Following this model, it allows to define triggers or variables influencing individual intentions as well as to evaluate which personal or social variables determine in the end entrepreneurial activities. Within this model, the person of an entrepreneur is the central unit of analysis.

3. Approach and methodology

The methodology was based on the construct of the GEM Model as this data has been used for the analysis. The data has been enhanced by data of other national statistics as Euro Statistics on business demographics or the competition report of the world bank. On the basis of comparative studies, the data has been subject to a number of several statistical analysis. In particular the evaluation of differences allowed to analyse the variables in different settings in order to determine the relative importance of these differences. Further analysis has been conducted by various correlation analyses. In the end a holistic analysis has been employed on the basis of the theory of planned behaviour by Aijzen (1990). The major point of interest here was to analyse the influence of control variables presented by the economic and social environment. The methods itself needs to be regarded as inductive, as data from various sources and social levels have been introduced into the model.

4. Primary Results and knowledge

The various types of statistical analysis suggest that the nature of entrepreneurship changed as well as the variables determining entrepreneurship needs to been in a different light. The main results can be summarized as follows:

- Entrepreneurial activities changed from production and trade activities towards social entrepreneurship engagement and knowledge based services. Also the proportion of freelancer engagements changed considerably. This means also the employment factor through entrepreneurship needs to be seen in a different light.
- Entrepreneurial education and marketing do have an effect on the interest and intentions towards entrepreneurship but little effects towards entrepreneurial activities.

- The infrastructure has a considerable impact on entrepreneurial activities. In particular the quality of access for information technology as well as to access to knowledge has a considerable impact towards entrepreneurship.
- The quality of the personal network and knowledge of other entrepreneurial activities does have a considerable impact towards on entrepreneurial behaviour.
- The competitive level within an economy has little effect on entrepreneurship.
- Although the majority of entrepreneurs are still male, the age distribution of the entrepreneurs is less concentrated. There only a slight tendency that more mature males enter entrepreneurship. This applies in particular for employee entrepreneurship.
- The analysis of the abortion rate shows the strengths of target-orientated support and finance opportunities determine mainly entrepreneurial activities. Here one finds a high correlation to the findings within the results in innovation management. Information's services of the target market as well as access to potential customers have a high impact on entrepreneurial activities.
- There are suggestions on the data that the success of larger global cooperation's determines also the need for services and in the end entrepreneurial activities. This follows Drucker view that entrepreneurship in innovation driven economies develops in the shadow of larger cooperation's.
- Grants or entrepreneurial education and marketing has only impact on the interest or intentions towards entrepreneurship but only little impact towards entrepreneurial activities.
- Entrepreneurship takes often place by a single employment (freelancer) and entrepreneurship as therefore only a little employment effect.

5. Results and central knowledge

The results of this piece of research suggest strongly that factors determining innovations have also entrepreneurial activities. Barriers reducing innovations as to finance the seed cost have an important impact into the promotion of innovations and entrepreneurship. Further issues as the provision of venture capital, opportunities of networking and knowledge exchange, foster innovation and in the end the possibilities to establish also market access in highly complex markets should be addressed by politics to enhance entrepreneurship. Thereby also the infrastructure to use information technology as well as the collaboration between research institutions have further a vital impact towards entrepreneurial behaviour rather than government grants or entrepreneurial education.