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### SHAPING THE ENTREPRENEURIAL ENVIRONMENT FOR THE NEXT GENERATION

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"The environmental support system within the entrepreneurial ecosystem needs to comply more with the needs of opportunity-based entrepreneurship."

In the European countries, the next generation of entrepreneurs sets highly self-confident and strong-minded the agenda for future entrepreneurial activities. The source for the awakening can be traced back to the activities of Greta Thunberg of Sweden. In the pursuit of the objective to stop a global warming, students left the school on Fridays and demonstrated for measures to reduce CO2-emissions. This collective power and determination of the youth swirled together the national agenda. Previous discussion of market protectionism, the refugee crisis, or the debt problems of various members within the European Community were losing their impact on the political agenda power. The focus is now clearly laid on climate change and sustainability.



Moreover, their initiatives changed the perceptions of the next generation within society. The values and behaviors of European citizens changed within a few months and one could tell that their initiatives decided the recent election towards the European Parliament as was the case in the Germany demonstrates.

Although the need to take action to reduce the risk of a global warming as such are not new, national governments so far managed to define global treaties and goals. According to individual timetables, the implementations of the necessary measures were taken reluctantly due to the attempt to balance the requirements between the environment and the industry.

Here is exactly where the criticism by the younger generation begins, those who have now appointed themselves to force the implementation of the necessary measures. They appointed themselves as the last generation to have the chance to stop the consequences of global warming. Enhanced by the power of social media, the developments we made at an exponential pace, one which currently overruns the whole nation. Within a few months, the discussion changed towards the question of how green contemporary policies and entrepreneurship are. Consumers start to evaluate their decisions more strictly according to sustainable measures and their ecological footprint.

In particular, the transport industry, automotive industry, as well as the tourism industry are expecting fundamental changes in consumer behavior.

The existing establishment was overrun by the power of the younger generation who demonstrated their readiness to take up responsibilities and criticized heavily missing actions to stop global warming using reasoning arguments. This rapid development is not only a success of their ability to use social media effectively, it is more the message that we have to expect a next generation willing to take responsibility, setting their personal definition of a quality of life at the top of the agenda as well as being a member of a single-society embedded in digital networks.

They appear to be less materialistic and demand only goods and services which are needed at the time. However, they demand that their needs should be complied with by a high expectation of quality and pace without accepting personal compromises. This generation experienced a stable economic environment which always provided choices from among a wide number of opportunities.

The future key words in entrepreneurship will be sustainability, application of the cyber application, and information technology and humane entrepreneurship. These key words demand radical innovations within the value creation process in a true Schumpeterian sense. Although, national statistics fail so far to indicate true eco-entrepreneurship, according to the OECD in 2018, the figures indicate that only 7% of entrepreneurial activities can be classified as eco-entrepreneurship. It appears that we are entering a new area of a sustainable entrepreneurship which requires a change in the value creation process. This demand will create a set of abrupt innovations, but also provides new business opportunities for a future growth. Therefore, the question arises, how do we change the entrepreneurial eco-system in order to comply with the needs and characteristics of the next generation of entrepreneurship?



Within the European Community, the current situation and starting point to develop the necessary changes in entrepreneurship can be characterized as follows:

- Success in the market is based on the generation and application of innovation. This is the key driver of entrepreneurship. The collaboration between e.g. research institutes and businesses starts to develop and does not allow future entrepreneurship to build upon.
- Business models are increasingly based on digitalization, a cyber-based value creation process, and networking.
  It is assumed that the application of these measures increases productivity and profitability. Nevertheless, the
  current discussion suggests that so far the systems are used as an information source rather than allowing for
  automatic intelligence or production. The integration of industry 4.0 and society 5.0 has just started. The focus of
  investments within the companies is concentrated on the application of industry 4.0 and the integration of cyber
  and real space.
- The society is working to find measures to comply with migration or demographic change. High social standards and employment rates are reducing factors that push towards entrepreneurship. Measures to protect the climate are at their start.
- The market is highly globalized and the industries depend on open markets. One finds a shift within the structure of the economy towards the service industry. The next generation of entrepreneurs appears to be less materialistic, a fact signaled by a sharing economy and sustainability. The characteristics of future entrepreneurship will be outlined by the following observations:
- An individualistic generation which is well educated, knowing their opportunities and role in the society. Without compromises, they want to implement their future ideas of income generation.
- Accepting a high degree of social responsibility and compliance to it by various types of entrepreneurship.
- Placing sustainability as a guiding philosophy in their business models of income generation to reduce the effects of climate change.
- Going beyond the cyber and social media world. It is accepted that function of the value creation process, communication, and sharing knowledge and information is allocated within the cyber world. However, decisions and actions needed in the real world are done within their networks. Aspects of human entrepreneurship become a core feature.
- Change and market developments take place at an exponential pace. In order to provide stability and orientation, ethical values are regarded highly.
- Working models fluidly change between self-employment and depend on working contracts on the grounds of the demanded knowledge by the economy as well as their personal perception of a work-life balance. In particular, the personal work-life balance will set the benchmark for their entrepreneurial activities.
- Due to the knowledge industry and demographic change, growth within the economy will be mainly generated through the knowledge industry, health and wellness industry, as well as the service industry as a whole. Through the development of industry 4.0, production is less orientated towards labor costs and will take place at the rate of consumption. Globalization will be newly defined on the grounds of sustainability as production will be determined by flexible systems like e.g. 3D printing.
- Due to the exponential pace of market developments and the shortening of product life-cycles, values of business ethics set the yardsticks for business behavior. Misconduct against social values will lead to strategic disadvantages.

Upon reflection of these two situations, the question arises: What does this mean for research and policies in order to create the necessary eco-system for future entrepreneurship?

One does find an urbanisation trend due to the increasing cost of mobility and networking in the service and knowledge industry. Entrepreneurship develops mainly in off-spring areas where market access and growth is only possible through networking. Although the economy is dominated by smaller companies, the contribution towards the GDP will be mainly generated by multinational global enterprises.

This means that the development of entrepreneurship will also be dependent on the collaboration of multinational enterprises. The reasons for this development have to be found on the issue in order to solve the problem of finding market access and to finance innovations. This means on the other hand, that entrepreneurship in rural areas becomes a particular challenge and will be determined by the mobility factor.



One of the prime focuses in Europe needs to be to set up a complete digital infrastructure. Many European countries are not in the position to provide a reliable infrastructure. Many business ideas like for example; Airbnb, ride-sharing, or the use of bikes relies on the application of information technology. These services, which noticed high growth rates the past, indicate two features for market success, the combination of the possibilities of industry 4.0 and sustainability.

Production and trade dominated the globalization in the past, whereas the future trend will be laid internationally on the generation of innovation and knowledge application. The marriage between entrepreneurship and innovation will govern future entrepreneurial activities. This marriage can only take place by an extensive exchange of knowledge and its application. Here universities and research institutes will become key drivers of entrepreneurship. Research in Europe already shows now that public and private spending on R&D directly influences entrepreneurial activities. Governments must hear change their attitude about public spending.

This application of knowledge sets new boundaries as the production will increasingly become local in order to save transportation costs. These costs are perceived more as additional opportunity costs due to the problem of emissions. Moreover, the exchange of knowledge is less dominated by tariffs and common market protection measures. Already, recent developments have shown that protection measures only have, if any, short-term labour market effects. Also, developing countries need to be included in the application of knowledge and sustainability in order to keep their markets open.

Due to the marriage of innovation and entrepreneurship, the structure needed to finance this marriage will set new demands and change the common financing behavior of bank loans. Banks in Europe are restricted to the

regulations of Basel IV. This makes it difficult for banks to finance innovation and business ideas in the service industry. The funding of seed costs is currently a problem. The venture capital market needs to be rapidly developed in order to comply with the needs of future entrepreneurship. Future entrepreneurship risks will be evaluated by a set of opportunity costs as the personal consequences to take up the risk and the desire to be able to change employment situations more frequently. Therefore, banks are required to develop here additional services in order to be a financial partner for future entrepreneurs.

The environmental support system within the entrepreneurial eco-system needs to comply more with the needs of opportunity-based entrepreneurship. Opportunity-driven entrepreneurship especially requires high standards within consultancy services as well as the readiness to react fast to the needs of prospective entrepreneurs. Gateway functions are required in order to allow access to the target network and to reduce complexity while starting a business. Predominantly, the long-proclaimed reduction of administrative burdens for entrepreneurship must take place. Fiscal and administrative systems must become more entrepreneurship-friendly in order to reduce transaction costs.

For the future promotion of entrepreneurship, there is also a need for closed collaboration between researchers and policy makers in order to allow target-orientated measures. Institutions such as the International Council of Small Business (ICSB), the European Council of Small Business (ECSB), the Institute of Small Business and Entrepreneurship (ISBE), and so forth offer this through research measures to direct policy-makers. The future entrepreneurship types will be opportunity and demand-driven and demonstrate the agility of the researchers, policy-makers, and the entrepreneurial eco-system. Here and now, actions are required to foster entrepreneurship, according to what current developments show. The younger generation will not wait for it, they will otherwise change the agenda themselves as the first experiences with the next generation of entrepreneurs demonstrates.





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