And the Personality of the Entrepreneur?
The Europeans are less entrepreneurial than the US Americans – can we do something against of it?

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Abstract: The European people are not striving so much after establishing and operate small businesses, as the U. S. Americans and the Far Eastern ones, they are not so interested in being independent as those. If Europe would like to compete with US and – on the other hand – with Fare- East, has no other alternative as to find the market niches and stimulate the personal driven small businesses. The question is: How? Is the problem in the difference of economic and sociologic environment, or in the people? It seems, Europeans did not pay enough attention of traits and motivation of people, as it should have been important.

1 Competitiveness with the Help of SME-s
The European Council emphasized in March 2000 (The Lisbon Strategy): ‘For 2010, the Union aims ‘to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs (in 10 years 15 million new jobs) and greater social cohesion.’1

One of the key elements of development of the economy is the coming into existence and growing of small businesses. But Europe is not satisfied with the entrepreneurial drive in it. Both the US Americans, as well as the Far-Eastern people are more entrepreneurial than the Europeans (in the European Union and outside of it.) Even that time when the changes on global scale – as decreasing of manufacturing’s proportion in GDP for the good of services – first of all personal services, or the growing of knowledge-based activities which revolutionised the production process pushing in foreground the creativity. It is necessary to improve this situation.

Many studies, programmes catalogues, initiatives mention, how important is for a country, for an economy to have many entrepreneurs. Beside the job-creation, what is lately the most important, the cohesion of the society, the competitiveness

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what they enhance, the better adaptation to the changing environment, the consciousness, the self-care, the economic thinking, the independence, the risk-taking, the networking, the well informing, the optimism, the striving for achievement, also the time-management (including the free choice for deciding when, where and how would the people go out), etc. are important elements of a healthy, development, successful economy.²

The proportion of small firms in Europe is quite big. In 2005 99% of EU enterprises were SME-s - 91% micro businesses (1-9 employees), 7% of businesses are small (10-49 employees), 1% of them are medium sized firms (50-249 employees) – all together 23 million firms, and only 1% are larger ones. The SME-s provided 75 million jobs.³ But their number does not growing so quickly, as should be, and there are not so much the number of growing businesses, as for example in the US. What is the reason, and what should be done?

2 The Challenge

The European Commission’s Directorate General requested a study over four years (between 2000 and 2004) the development of entrepreneurship in 15 Member States, in 10 applicant countries, in US, in Norway, in Iceland and in Lichtenstein.⁴ (Changes in the opinions expressed by the respondents in the ‘old’ European Union and in the United States since 2000; a detailed analysis for the 29 countries studied in 2004.)

It was a regular survey from which became clear: Europeans preferred and prefers the employee status while Americans opt for self-employed status. Next table shows the differences.

Both in Europe and US the willingness for being self-employed has been decrease in the investigated period. (But among EU15 with 9 points, in US with 8 points) The temptation to be employee increased in EU 15 with 7 points, in the US with 6 points.

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³ Eurostat, Comission Communication on Modern SME

⁴ Flash Eurobarometer 160: ‘Entrepreneurship’ Realized by EOS Gallup Europe upon the request of the European Commission (DG ‘Enterprises’) In this survey it was interviewed between 12 and 29 April 2004 21 051 citizens from 29 countries: 18 547 European citizens, 1003 Americans, 501 Icelanders, 500 natives of Lichtenstein and 500 Norwegians
The choice of a status: self-employed or employee? (By time)

Flash Eurobarometer, Question 1/a, p. 5

But there were differences among the EU 15 countries: In Portugal the swing in favour of employee status increased 5 points and in UK with 4 point, while in some other countries on the contrary: the preference for employee status in Denmark, Austria and Luxemburg declined with 4 points. What is more remarkable: in Ireland the inclination for being self-employed has grown in this period with 3 points.

In the detailed survey in 2004 (when also the citizens of new member states/NMS/ were asked) shows a more exact picture about the differences among the US Americans and the Europeans:

European Union citizens, who would prefer to be self-employed rather than an employee, justify their choice first and foremost by the independence or self-fulfilment that they associate with such a status and interest of the tasks accomplished (77%). The second reason, the prospect of better income comes a long way behind (23%) in terms of motivation.

Flash Eurobarometer, Question 1/b, p. 6.
However the citizens of new members of EU seem to be keener to establish in the future their own business than the old ones. member states: the authors of the study found fairly strong differences between the answers of EU members. For example one third of the respondents would prefer to be an entrepreneur in Finland (28%), but 48% of the Luxembourgiang, 58% of respondents of Ireland, and 62% of the Portuguese’s. Among the NMS is conspicuous the entrepreneurial attitude in Lithuania (52%!)), and in Cyprus (56%). In generally in NMS the entrepreneurial inclination is only 44% (where Hungary stands only with 42%) versus the EU 15: (51%.) As we see: Almost 60% of EU15 citizens have never considered setting up a business compared with 44% of respondents in the US.

3 Socio-Demographic Characteristics of the Two Types

The preferences

Perhaps, it is not uninteresting the social status of respondents: By socio-demographic characteristics of the EU respondents: 51% of man would prefer to be self-employed, compared with only 39% of women. Younger people are more tempted than older people by the idea of becoming self-employed (55%), and this preference tends to diminish with age. Respondents who are still studying appear to be more tempted by self-employment status (58%), and this is the case with the entrepreneurial family background, too. (52% versus 42%) The level of education also comes into play. People with a lower education attach more importance to a
regular income – they tend to be less for being entrepreneur than those with higher education. It is self-evident that citizens without any professional activity cite more often the lack of competencies, information or idea – which is one of the ground elements of establishing a long-life business.

4 Explanations of Delinquents

The main reason given by European respondents to explain their preference for employee status is the advantage of fixed, regular income, followed by stability of employment and the fact that employee status is less risky. As reason not to be self-employed the US Americans mention almost only being tied to the present business, while the European the regular, fixed income (versus irregular variable income), the stability of employment and the unfavourable economic climate. The advantage of regular income was cited as a reason more frequently in the new member states – 37% vs. 29% of the EU 15 -, while the job stability is naturally was more important to old member states (32% versus 23%).

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The situation in the United States is different. Here the main reason given by interviewees is the possibility of creating their own working environment (61%).

EU 15 citizens cite more often self-fulfilment and the job interest of self-employed status: 79% versus 67% new member states. The exception the Estonians: 84%. (However the competitiveness is more important in the countries, where the ‘socialist’ regime did not allow – or only in small number – the development and realisation of own ideas. So they are forced to compete also with the ‘old’ market economies. Especially it is so in some economically backward regions of the countries. See for example (Borbás, 2005, Kadocsa, 2005)⁵. For example 86% of French, 85% of Germans, and 84% if Irish cited the self fulfilment as motivation for being entrepreneur. Self-employed people who confirm their preference for being self-employed attach the most importance to self-fulfilment, while manual workers focus more on the prospect of higher income, if they associate it with being self-employed.

The preference ‘the wish to own one’s own business’ is characteristic for the citizens of Finland, Greece and Portugal, as well as Norway and United States. People who are already self-employed want more than the other professional categories to own their own business.

5 What about the Future?

The temptation for being self-employed in the next 5 years

[Image: Flash Eurobarometer, p. 19]
6 The Main Socio-Economic Characteristics of Aspirants and Non-Aspirants

Men are more tempted by the idea of becoming self-employed than the women (37%:30%). Young people (15-24 years) are also more tempted by self-employed status than the older citizens (aged 55 and over). (55%:8%) The longer period of education, the greater is the attraction of becoming self-employed. The highest percentage gave being entrepreneur, who are still studying.

The role of economic environment in aspirations for being entrepreneur

For both the US and the EU the most important element which leads people to take steps to start a new business or take over one is the business idea. It follows the receiving the necessary financial means, the next is the dissatisfaction with their present situation or changes in family situation. Especially important is the availability of financial support in (Europe) in Germany, France, Cyprus, Hungary and Malta, Latvians and Hungarians attach one of the most important contacts with suitable partners.

Another interesting establishment of the survey that in the EU25 55% of the respondents are launching or have launched their own business because they saw an opportunity, while the same explanation gave the 71% of American respondents. It is interesting also that Greece and Portugal are at the head among the Europeans, who are motivated for business by economic necessity. (They are forced to be self-employed instead being unemployed.)

The survey establishes that the Americans consider that external business factors have less influence on establishing and overtaking a business than the Europeans. The same is the case with managing a business: The Europeans, who are interested
to establish a firm are afraid the overall economy (38% of the referred respondents), while the Americans are afraid of the change of economic circumstances only in 20%. The same is the case with the political environment – 4% of the American referred people are afraid of it, whereas the 14% of the Europeans. Among the Europeans - naturally – the new member states consider that the external factor is important.

7 Success Factor by the Interviewees

When one runs a business, what do you think most determine its success?

<table>
<thead>
<tr>
<th>Factor</th>
<th>EU 28</th>
<th>USA</th>
</tr>
</thead>
<tbody>
<tr>
<td>The general management of the firm</td>
<td>41%</td>
<td>44%</td>
</tr>
<tr>
<td>The visual economy</td>
<td>28%</td>
<td>38%</td>
</tr>
<tr>
<td>The director's personality</td>
<td>11%</td>
<td>14%</td>
</tr>
<tr>
<td>Outside entities</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>The political context</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>None of these (please specify)</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>Don't know</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Everything considered: in the mindset of Europeans the entrepreneurial existence is less present than in the US Americans.

8 The European Measurements for Fostering the New Businesses and Supporting of Present Businesses to Grow

In spite of the fact that from the study is clear: the Americans are more risk-taker, do not care so much with the economic environment (however is better than the European in generally), the European measurements mostly towards the improving the environment factor For example the Green Paper suggests making easier the life of entrepreneurs and would be entrepreneurs with making easier the entry barriers, the fostering access to skilled labour and to finance, to change the taxation, and so on.
Since the 60-ies of the last century there were a lot of measures for supporting the establishing and growing of small businesses in Europe. Also the ‘Green Paper – Entrepreneurship in Europe’ mirrors mostly this view.\(^6\)

The Industrial Policy Programme sees that manufacturing industry still plays a key role in Europe’s prosperity and the Commission has felt a need to put industry back at the heart of policy concerns. ‘It is however, facing many challenges and there is a real concern about the risk that Union is facing a process of deindustrialisation.’ In December 2002, a communication on Industrial policy in an Enlarged Europe laid the foundations that should underpin the Union’s industrial policy. In October 2005, the Commission launched a new industrial policy to create better framework conditions for manufacturing industries in coming years. In November 2005, the Commission adopted a new approach intended to provide a single coherent policy framework for EU actions in favour of SME-s: To involve more systematic the SME-s in consultation and policy-making process at an early stage. The Multiannual Programme for Enterprise and Entrepreneurship (2001-2005) – known as MAP – is an instrument for activities aimed at enhancing the growth and competitiveness of business, promoting entrepreneurship, simplifying and improving the administrative and regulatory framework for business, improving the financial environment for business, especially SME-s, and giving them easier access to Community support services, programmes and networks. The MAP does not provide direct support to enterprises. Euro Info Centres, calls for tender and grant schemes launched in its framework and are published on the website of the Community and in its Official Journal. From 2007 many MAP activities are continuing under the Competitiveness and Innovation framework programme (CIP).

The Best Procedure was launched in 2000. Its purpose is to focus high-level political attention on key issues, agreed with the national governments, in consultation with business organisations in order to bring out concrete change in national policies and to improve the business environment. A catalogue published the best projects launched in 2001, 2002, 2003. In 2004 six best projects were underway on:

1 SME access to Public Procurement,
2 Evaluation of SME-Related Actions,
3 Streamlining and Simplification of Environment-Related Regulatory Requirements,
4 Best Practice in Accessing Early-Stage Finance,
5 Promoting Entrepreneurship amongst Women and
6 Promoting Ethnic Minority Entrepreneurs.

9 And the Entrepreneurial Power? The Personal Characteristic? The Motives? The Culture of Entrepreneurship?

In the literature, a wide variety of reference frames can be identified which investigate the effectiveness and composition of factors influencing individual’s entrepreneurial power. It covers an individual’s motivation and capacity, to identify an opportunity, it takes creativity, or innovation, to turn the business idea into success, it requires persistence, rational risk-taking, toleration of uncertainty, striving for achievement, energy, a certain amount of optimism, dynamism, ability in adaptation to the changing environment, capability for self-renewing, the claim for being independent, and so on. Whose responsibilities are these? Do they born with some people (and with others not), or it is possible to learn them? As many the researcher discuss about these questions, so few were spoken about them in the SME policy. It is a sensitive theme on the border of sociology, psychology, anthropology social- psychology and pedagogy. But there is place in it for the culture of a nation – or a region, perhaps a settlement. The religion can play a role in it, even as the media or a political system. And then we did not mention the capability to manage a business well. And to grow it.

Perhaps the first political document which is dealing with these motivators of entrepreneurship - among others - is the in 2003 born ‘Green Paper (of European Commission) – Entrepreneurship in Europe’. This Document prepared as a public paper for introducing a debate. It introduces such phrases as ‘commitment to producing in an environmental friendly manner’

This Green Paper stresses probably as first political document that ‘the challenge for European Union is to identify the key factors for building a climate in which entrepreneurial initiative and business activities can thrive’, which cited the GEM survey ‘people who are confident about their skills and experiences are 2-7 times more likely to be involved starting or running a business’, uses the phrases ‘self-realisation’ and ‘independence’ for entrepreneurs, speaks about the stigma on the failed entrepreneurs.

Fine. Policy arrived to an important point: to the personality of the people, as an influencing factor of becoming entrepreneur. It is the time to work with it.

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7 Lately Mugler, Plaschka, Korunka, Kessler, Naffziger, Hronsby, Kuratko, Katz, Gartner, Franke, Lüthje, Kailer among others have written about it
8 The Global Entrepreneurship Monitor is a research program, which gives an annual assessment of the national level of entrepreneurial activity. Initiated in 1999 with 10 countries, expanded to 21 in the year 2000, with 29 countries in 2001 and 37 countries in 2002. It investigates the national entrepreneurial activity for all participating countries, involving the role of entrepreneurship in national economic growth.
But till now, there were almost no study which tends to find out, why is this different between the Europeans and Americans. Which are the elements of this mentality? Could it be change? Is it important to change?

10 The Swiss Study

The first step on this field made a small group of Swiss and German researcher even in last summer. Urs Fueglististaller, Frank Halter and Heinz Klandt wrote in 2006 in their conference-paper9 for the Rencontres de St-Gall an international comparison in 11 countries (37 253 questionnaires) about the entrepreneurial power of university students in some countries. As the basis of examination they took five constructs:

- Personality traits,
- Motives/interests
- Skills
- Competencies,
- Locus of control and as non-personal parameter: the obstacles.

They added also some other parameters as gender, professional experience, family business background and the attendance of entrepreneurship courses.

However they had many problems and considerations from translation of questioners ending with fixing the influence-mechanism and interdependence of every single components – they came to the following conclusion about the entrepreneurial power of the students in these countries:

*Entrepreneurial power of students in an international comparison*

![Graph showing entrepreneurial power comparison](The cited study, p. 14)

It is interesting, isn’t it?

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9 Students’ entrepreneurial power in an international comparison – the evaluation of exploratory framework
Conclusion

It is worth to continue the analyse the elements of entrepreneurial behaviour.

References


[3] Flash Eurobarometer 160: „Entrepreneurship” Realized by EOS Gallup Europe upon the request of the European Commission


[10] McClelland, D.C. Characteristic of successful entrepreneurs. 3rd Creativity, innovation and entrepreneurship symposium. Framingham, 1961-
