

ENTREPRENEURSHIP  
NO GUTS, NO GLORY



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RUDY AERNOUDT

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## PREFACE

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It was long the case in Europe that becoming an entrepreneur was considered by many to be the last resort in terms of career choices. The first choice was always to become a public servant and, if possible, to hold that same position for life. Such a career involved no risk and offered a steady, lifelong income, a raft of employment benefits and, above all, a decent pension. For those for whom this first choice was unattainable, the second-best solution was to become employed by a big company. The chemical sector and banks were long thought of as secure and well-paying employers. Some consultancy firms even went so far as to attract students by handing over the keys to a brand-new car when they signed an employment contract. For those who could not benefit from such an offer, a job in a small or medium-sized enterprise (SME) was the next option. Only when candidates had been unsuccessful in all of these options would they consider starting up their own business.

As Hegel says in his *Philosophy of Law*, we are all children of our time. And we are all, at least to some extent, Plato's children. Plato considered that doing business was not a noble way to live, so it is not surprising that entrepreneurship was for so long considered to be the occupation of last resort. Plato even considered business to be a crime, punishable by a year's imprisonment, and in the case of recidivism, two years. Cicero also believed that those in business should be punished; more recently, only three centuries ago, the *'loi de dérogance'* stated that noble people doing business should lose their titles. These philosophical considerations explain why setting up a business in Europe has rarely been considered the best choice in life.

The last few decades have seen a lot of progress in this area. Successful start-ups are often venerated by the media and their leaders invited to give talks to different audiences. From a policy point of view, the strong association between entrepreneurship activity and economic growth is generally recognised. Stimulating entrepreneurship is now considered by many academics and policymakers as one of the best ways to create real employment. Thus, policymakers in Europe are developing and implementing strategies that nurture and sustain entrepreneurial activity. Different regions throughout Europe now focus on entrepreneurship as their major tool for development. 'Incubators, accelerators and hackathons' are mushrooming. Academics and political leaders in various European countries and from different ideologies, speak of

entrepreneurs and entrepreneurship as being key to boosting economic growth and creating employment. The European Commission speaks today of the need to 'nurture a culture of entrepreneurship' whereas it was not long ago that focus was mainly given to SMEs.

This entrepreneurial revolution and the mental shift from a corporate society into an entrepreneurial society is not a passing phase but rather, a permanent change in the economic landscape. Recently the wave of entrepreneurship has become a tidal wave; in the current climate of corporate downsizing, new businesses and growing firms are crucial. Young and fast-growing firms now generate more jobs and more economic activity than bigger businesses. They are compensating for the loss of jobs in mass production units that have laid employees off in order to remain competitive with those countries characterised by lower taxes and social charges, or that may have relocated their staff to lower-cost countries.

Significant and rapid changes, combined with new opportunities, can prove both exciting and difficult. European countries face the economic, social and political challenges associated with an entrepreneurial society. Businesses face the challenges of market opportunities and new or available resources. Entrepreneurs face challenges in starting up, growing or maintaining their company and are struggling with the administrative environment in which they must operate. Clearly then, policymakers too face challenges in this ever-changing entrepreneurial landscape. As a response to these changes and challenges, many answers and suggestions for action are provided by this book. It is submitted that these responses constitute the best way to cope with the structural problems of the 'Old Continent'.

A lot of progress has been made but there is still a long way to go before Europe becomes a truly entrepreneurial society where success is applauded, and failure tolerated. Europeans have to change their mindset and move from being a corporate society, where people are almost set for life in large companies or public-sector organisations, towards an entrepreneurial society, where each person becomes a *job-maker*, instead of a *job-taker*; a society where we go back to the roots of economy: namely, economy as uncertainty. In other words, we should not ask from the economy what it cannot provide, i.e. certainty, job security and fully-fledged social security.

Conceptually, entrepreneurship policy is not comparable with other economic policies. At least in Europe, it is not yet possible to draw comparisons along clear and measurable lines. One of the challenges is establishing the variables to be considered in formulating entrepreneurship policy. A myriad of criteria is apparent from the literature: starting up a company, growing a company and creating new economic

activity; though also more intangible phenomena such as innovation, creativity, disruptive thinking, proactive behaviour and risk-taking ability, all inform policy. The origins and aims of entrepreneurship policy are heterogeneous and make it challenging to present an accurate picture of entrepreneurship policy in Europe, which itself is made up of many different countries. Despite these differences, entrepreneurship policy in Europe is, broadly, geared towards overall objectives commonly pursued in the context of economic policy: fostering economic growth and creating sustainable employment.

The major differences between the various European countries, however, depend on whether entrepreneurship policy is embedded in a conceptual framework. The crucial question is this: is entrepreneurship policy a collection of programmes introduced on an ad hoc basis, at different times and for different purposes, or can it be identified as a policy of its own, with a concept and defined fields of activity? This question, and others, are addressed in this book.

The task now for practitioners, government administrators, academics and policymakers is to work together to build a partnership and develop an infrastructure that will enable dynamic change to continue and support the phenomenon of entrepreneurship. In any case, entrepreneurship policy relies on an overwhelming justification: it encompasses the basis of a democratic society, where every individual has the chance to pursue entrepreneurial behaviour and create and grow their own business. In a free world, the spirit of entrepreneurship offers the human individual the opportunity to answer their natural constructive and creative talents and thereby offers society the opportunity of perpetual progress and growth.

Entrepreneurs deserve our respect. Success and failure are too often presented as two opposite results of entrepreneurship. However, this dichotomic approach does not correspond to the economic reality. Indeed, failure is a part of doing business. Very few entrepreneurs ever experience real success without first experiencing some massive failures. Whether it be running a business into the ground, getting fired from a job or even going to prison, plenty of very successful entrepreneurs have seen huge failures long before they accomplish their dreams.

Therefore, we should applaud all successful entrepreneurs rather than envying them, as success cannot be achieved without hard work and struggle: no guts, no glory. Equally, in the case of failure, a second chance should be given as failure too can be a worthwhile experience. Too often, failed entrepreneurs are considered as failed persons and even publicly dishonoured. A good illustration of the European mentality here can be found at the Piazza Mercanti, the former heart of the city of Milan. At the centre of the square, we can still find the *Pietra dei failli* (see the front cover of this book).

Insolvent debtors were forced to stand naked there so that their insolvency was made public and known to traders. This mentality could not be further from the philosophy behind the Chinese proverb that tells us ‘failure is the basis for success.’ This book wants to contribute to making Europeans more entrepreneurship-friendly, less envious of success and more tolerant of failure.

In the first part, we look at the concept and importance of entrepreneurship and discuss whether or not entrepreneurship can be taught, and the policies, particularly European policies, that could be developed to aid such education. In the second part, we focus on the four objectives of enterprise policy by looking at start-ups, growth enablers, bankruptcies and delocalisation. In the third part, we analyse the link between entrepreneurship and finance, which is often considered as one of the major obstacles to starting a business and to expansion. We will conclude in the fourth part by looking at some *capita selecta* linked to each of the policy objectives: incubation as a way to facilitate start-ups, untapped growth potential linked to the gender issue, ‘zombies’ and the need for innovation, and finally reshoring and retention. To aid the reader and make the book more accessible, footnotes are avoided but references are made available throughout.

I would like to thank Marc Van Rompaey for his input to the growth and start-up chapter, Laurent Benveniste for his insights on innovation and Amparo San José for her input on gender issues. But above all, I want to thank my students for having the guts to choose my course where creativity and open-mindedness are major prerequisites.

I hope that this book will prove useful for all stakeholders: entrepreneurs, policymakers, politicians, government administrators and students, especially in this post-coronavirus era. I leave it to the reader to judge the results.

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