
The Entrepreneurial Culture in Europe - New Challenges in the New Economy

Dana Blideanu¹
Mirela Diaconescu²

Abstract

There is nowadays a growing concern in Europe regarding its lagging behind other countries, especially the US, in the fierce competition to make the forth industrial revolution a reality.

One of the most frequently mentioned obstacles to fill this gap is the lack of entrepreneurial culture in Europe.

Some of the conclusions of recent studies or articles concerning this aspect are: „Europe lacks a solid entrepreneurial culture”, „More than money, Europe needs entrepreneurial culture change”, „Europe needs more entrepreneurs”, „Europe has a chronic failure to encourage ambitious entrepreneurs” etc.

The plenty of similar remarks illustrate not only the importance but also the great audience of the abovementioned subject; it also represent a strong incentive for politicians, academics, researchers, the civil society etc. to reflect, identify and analyse crucial aspects of Europe’s vulnerability as regards its entrepreneurial spirit and culture.

These are in short the objectives of the present paper.

Keywords: entrepreneurship, entrepreneurial culture, Europe’s entrepreneurial spirit

JEL Classification: L26, L31, M14, J46, E24

1. Introduction

It is today largely accepted that entrepreneurship is an essential element for economic progress in different ways: a) by identifying, assessing and exploiting business opportunities, b) by creating new firms and /or renewing existing ones c) by driving the economy forward through innovation, competence, job creation and by generally improving the wellbeing of society.³

Entrepreneurship affects all organizations regardless of size or age, weather they are public or private and independently of their objectives.

¹ Bucharest University of Economic Studies Bucharest, Romania, dana_blideanu@yahoo.com

² Bucharest University of Economic Studies, Bucharest, Romania, mirela.diaconescu@rež.ase.ro

³ Alvaro Cuervo, Domingo Ribeiro, Salvador Roig, Entrepreneurship: Concepts, Theory and Perspective, www.uv.es/bcjauevg/docs/LibroCuervoRibeiroRoig/Introduction.pdf

Its importance for the economy is reflected in its visible growth as a subject in the academic literature. It is also a matter of interest for businessmen, economic press, civil society and governments the world over.

The recognition of entrepreneurship and entrepreneurs as drivers of economic growth has accelerated since the mid 1990's and policy makers in many countries as well as international organizations are trying to offer solutions to improve the entrepreneurship environment.

We assist today to a growing concern in Europe regarding its lagging behind other countries, especially the US, in the fierce competition to make the forth industrial revolution a reality.

One of the most frequently mentioned obstacles to fill this gap is the lack of entrepreneurial culture in Europe.

Some of the conclusions of recent studies or articles concerning this aspect are: „Europe lacks a solid entrepreneurial culture”, „More than money, Europe needs entrepreneurial culture change”, „Europe needs more entrepreneurs”, „Europe has a chronic failure to encourage ambitious entrepreneurs” etc.

The plenty of similar remarks represent a strong incentive for academics, researchers, politicians, the civil society etc. to reflect, identify and analyse crucial aspects of Europe's vulnerability as regards its entrepreneurial spirit and culture.

These are in short the objectives of the present paper.

2. Entrepreneurship: Concept and Environment

Although entrepreneurship has a very long history, there is no yet a widely accepted definition for it.

There are many ways to explain the term entrepreneurship and they are coming from a variety of perspectives and disciplines (economics, management, sociology, philosophy).

Most of the definitions agree that entrepreneurship is a phenomenon that is found across the entire economy, going beyond the confines of the market economy to include the society as a whole.

Furthermore, entrepreneurship may be practiced in a range of different entities, from self-employed individual to small and medium sized enterprises and to large multinational concerns.

According to the Business Dictionary⁴ entrepreneurship means *”the capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make profit. The most obvious example of entrepreneurship is to create a new business.*

Entrepreneurial spirit is characterized by innovation and risk taking and is an essential part of a nation’s ability to succeed in an ever changing and increasingly competitive global marketplace”.

The European Commission Report „Entrepreneurship determinants: culture and capabilities” (2012)⁵ defines entrepreneurship as *„a process driven by individuals (or key persons within firms) that involves some form of innovative behaviour and risk-taking that results in change and has the potential to lead to the creation or expansion of firms”.*

Most writers agree that entrepreneurship is driven by a desire to generate profit or other rewards (personal satisfaction, career-related status, a change in lifestyle, recognition) etc.”

According to Bruce Backenheimer, Executive Director of the Entrepreneurship Lab at Pace University *„entrepreneurship is much broader than the creation of a new business. At its core is a way of thinking and acting. It is about imagining new ways to solve problems and create value”.*⁶

Mark Miller considers in his article “Fostering an entrepreneurial culture within your organization” that the term entrepreneurial describe today *“a mind-set characterized by innovation, creativity, risk-taking. The term applies to individuals, teams, organizations or companies”*⁷.

Even if there is no widely accepted definition of the term entrepreneurship, there are some key points frequently underlined about its benefits such as: growth, more creativity, more innovation, risk taking, new businesses and new jobs.

On the other side there are authors considering some of this benefits as overestimated.⁸

For example, Wong et al. (2005) finds evidence of the existence of entrepreneurial activities that do not contribute to economic growth.⁹

⁴ www.businessdictionary.com/definition/entrepreneurship

⁵ Entrepreneurship determinants: culture and capabilities www.ec.europa.eu/eurostat/documents/pdf

⁶ www.businessnewsdaily.com/2642-entrepreneurship

⁷ www.volarisgroup.com/blog/article

⁸ Wim Naude „Is European entrepreneurship in crisis?”, Discussion Paper no 9817, March 2016, IZA, Bonn; ftp.iza.org/dp9817.pdf

⁹ idem

In European countries there is no significant statistical relationship between economic growth and entrepreneurial measures (self-employment, business ownership, start-ups etc.).

Praag and Versloot (2007) found from a broad survey of published empirical studies that a) entrepreneurs do not spend more on R&D, b) entrepreneurs create lower quality and less secure jobs and c) the relative contribution of entrepreneurs to the value of productivity level is low.¹⁰

Parker (2006) reports that there is no unambiguous relationship between the rate of self-employment and unemployment.¹¹

For example there is no evidence that entrepreneurship helped to reduce unemployment in the largest European economy (Germany).

Statistical data show that between 2001 and 2014 the unemployment rate in Germany declined from 7.8% to 5% while in the same period the rate of start-ups declined.

On the contrary, in Netherland unemployment increased from 2% in 2001 to 7% in 2014 and this was accompanied by a significant increase in start-up rates from 6% to 10%.

Last but not least, not all new firms are truly entrepreneurial (in the sense they create value through the exploitation of new products, markets or processes) nor are always high-growth firms performances due to entrepreneurship (the growth may reflect special economic conditions).

The concept of entrepreneur has also different meanings: on the one extreme an entrepreneur is a person of very high aptitude who pioneers change, possessing characteristics found in only a very small fraction of the population, on the other extreme anyone who wants to work for himself is considered entrepreneur.

Many people use the term „entrepreneur” and „small business” synonymously even if there are significantly differences between the two such as: a) the amount of wealth creation (a successful entrepreneurial venture creates substantial wealth); b) the speed of wealth creation (while a successful small business can generate several millions of dollars of profit over a lifetime, entrepreneurial wealth creation is often rapid); c) the risk-taking (the risk of an entrepreneurial venture may be high); d) innovation (entrepreneurship often involves substantial innovation

¹⁰ idem

¹¹ Wim Naude „Is European entrepreneurship in crisis?”, Discussion Paper nr. 9817, March 2016, IZA, Bonn; <ftp.iza.org/dp9817.pdf>

beyond what small business may exhibit; the innovation may be in the product or service itself or in the business process).¹²

There is a broad range of factors that may determine a country's entrepreneurial activity and they may be classified at three levels: 1) the first level refers to individual characteristics of the entrepreneur (human attributes such as willingness to take risks, the need for achievement, desire to work or create business, different skills, education background etc., which differentiate entrepreneurs from the rest of society), 2) the second level consists of economic factors that enable and motivate entrepreneurial activity (dimension and structure of markets, dynamic of technological changes, labour-market regulations, ease access to finance, the patent regime, different administrative regulations etc.), 3) the third level is linked to the functioning of institutions and to the cultural and social characteristics of nations.

Many countries now recognize entrepreneurship policy as a separate field and as consequence have taken steps to improve the measurement of entrepreneurship at the national level. They have a strong desire to understand levels of entrepreneurship and factors that influence them and they also want to compare themselves with others.

However measuring entrepreneurship and its impact on development remains a challenge for many reasons including: the existence of different definitions of entrepreneurship, its multifaceted nature, the limited availability of comparable and reliable data etc.

Measuring entrepreneurship is also dependent on the nature of policy objectives. If policy makers are interested in employment creation, they may focus on a measure that seems most directly linked to jobs such as self-employment or new firm creation, no matter what the size or growth rate of the firm.¹³

If the policy objective is competitiveness or productivity growth, a measure of entrepreneurship that distinguishes high-growth or innovative firms is preferred.

To meet the challenges related to monitoring entrepreneurship, a number of indicators have been developed by various organizations including the World Bank, OECD/EUROSTAT, Global Entrepreneurship Monitor, Global Entrepreneurship and Development Index, the International Consortium on Entrepreneurship.

¹² www.quickmba.com/entre/definition

¹³ "A framework for addressing and measuring entrepreneurship", www.oecd/officialdocuments/publicdisplay

These initiatives address the issue from different perspectives.

It is worth mentioning that OECD launched in 2006 the „Entrepreneurship Indicators Programme”, with the objective to build a set of entrepreneurship indicators for consistent and ongoing measurement and comparison across countries.

It represents a complex approach to building necessary international partnerships, establishing data collection and infrastructure, assembling relevant data and sharing and disseminating the resulting set of indicators.

In 2007 a formal partnership was agreed between OECD and EUROSTAT. As the Report „*Entrepreneurship determinants - culture and capabilities*”¹⁴ states, „*the challenge faced by the Programme is to provide data that gives policy makers and academics a better understanding not only of the rate and types of entrepreneurial activity but also of the outcomes and impact of entrepreneurship in terms of wealth creation, employment and productivity.*”

The centerpiece of the EU’s efforts to boost entrepreneurship is the Entrepreneurship Action Plan 2020. Launched in 2013 this programme sets out a range of objectives across three key areas: 1) education and training, 2) support for entrepreneurs and 3) entrepreneurship culture.

The Plan includes a particular focus on fostering digital entrepreneurship.

In addition to the Action Plan, a number of other EU initiatives aim to boost entrepreneurship, such as the Programme for Competitiveness of Enterprises (2014-2020), Horizon 2020 which focusses on fostering innovation etc.

3. Entrepreneurship in Europe - Some Statistical Data

As noted in the introduction, Europe is lagging behind other countries in terms of entrepreneurial activity.

Two key issues have troubled policy makers across the EU in the last years, namely¹⁵:

- Why do so few people in Europe start business, although a relative large number of individual express an interest in doing so, and
- Why do European enterprises grow at a generally modest rate?

¹⁴ Entrepreneurship determinants: culture and capabilities www.ec.europa.eu/eurostat/documents/pdf

¹⁵ idem

It is well known that Europe includes some of the most competitive economies in the world. According to the World Economic Forum Global Competitiveness Index 2016-2017¹⁶, Europe (including EU 28, Iceland, Norway, Switzerland, the Balkans and Turkey) performs above the global average in terms of competitiveness (4.72 average score in Europe versus an average score of 4.11 among the rest of world).

This is driven by the performance of a group of regional champions, notably Switzerland, which leads the global ranking for the eighth consecutive year.¹⁷

The top 12 countries includes seven more European countries such as: Netherland (4), Germany (5), Sweden (6), the UK (7), Finland (10), Norway (11) and Denmark (12).

However, Europe is less successful at seeding high-potential, fast growing start-up companies comparing to its competitors, though there are successful start-ups clusters in major cities as London, Berlin, Stockholm, Munich etc.

On Forbes 2017 list of the „World’s most innovative companies”, American based enterprises account for 49 of top 100 innovators, while European innovators account for only 18.¹⁸

According to the Thomson Reuters 2016 Top 100 Global Innovators Report, US firms account for 39, Japan for 34 and Europe for 22 (with 10 in France)¹⁹.

On the other hand there are studies showing that European firms are fairly active innovators (the EU’s sixth Community Innovation Survey (CIS) found that 52% of EU enterprises reported innovation activity between 2006 and 2008).²⁰

By comparison, in the US, the BRDIS (Business R&D Innovation Survey) which covered the same period and asked the same questions as CIS found that only 22% surveyed firms reported innovative activity.

The US also leads the Bloomberg Business Tech 100 list, (which ranks the world leading technology companies) accounting for 44% of them, Asia follows with

¹⁶ Global Competitiveness Index 2016-2017, www3.weforum.org/docs/GCR_2016-2017/05Full_Report/pdf

¹⁷ idem

¹⁸ The World’s Most Innovative Companies 2017 Ranking, <http://forbes.com/innovative-companies/list>

¹⁹ Thomson Reuters 2016 top 100 Global Innovators Report, <http://top100innovators.stateofinnovation.com/sites/files//content/top100>

²⁰ Ezell Stephen, Philip Marxgut, „Comparing American and European innovation Culture”, Information Technology and Innovation Foundation, US, www2itif.org/2015/comparing-american-european-innovation-culture/pdf

34% and only seven of the global top 100 high-tech companies are headquartered in Europe (three of them in the UK, three in Germany, and 1 in Belgium), while South America fields six (five in Brazil and one in Argentina).²¹

AT. Kearney Report „Rebooting Europe’s high-tech sector” concludes that Europe’s high-tech sector decline is troublesome because Europe’s global competitiveness depends strongly on it.

Statistics also says that Europe has a problem creating new big businesses.

According to an analysis of the world’s 500 biggest publicly-listed firms (Nicholas Veron and Thomas Phillippon, Bruegel Think Tank), Europe gave birth to just 12 new big companies between 1950 – 2007 (while the US produced 52 in the same period) and to only three new firms between 1975 and 2007.²²

In contrast, since the industrial revolution the US has never ceased to produce new champions. Specifically 33% of its champions were born after 1945 and out of these 14% were born in the last quarter of the 20th century.²³

Some observers suggest that entrepreneurship and new firm creation are major factors behind the differences in economic performance.²⁴

The Report „A framework for addressing and measuring entrepreneurship”²⁵ outlines that „*the rates of firm exit and entry are not significantly different in the US than in Europe. What may be different though, is the way the new firms grow and how they displace the former leaders. In this regard, it appears that the US and Europe are moving different.*

For example, eight out of the largest 25 firms in the US in 1998 did not exist or were very small in 1960 while the largest 25 European firms in 1998 were already large in 1960. This turnover at the top continues at a brisk pace in the American economy. It took 20 years to replace 1/3 of the Fortune 500 companies listed in 1960 and only 4 years to replace 1/3 of those listed in 1998.”

According to the 2015 Global Entrepreneurship Monitor, the early stage Entrepreneurial Activity Rate (which measures the percentage of individuals aged 18-64 who are in the process of starting a business or are already running a new

²¹ idem

²² Ezell Stephen, Philip Marxgut, „Comparing American and European innovation Culture”, Information Technology and Innovation Foundation, US, www2/itif.org/2015/comparing-american-european-innovation-culture/pdf

²³ idem

²⁴ „A framework for addressing and measuring entrepreneurship”, OECD 2008, www.oecd/officialdocuments/publicdisplay

²⁵ idem

business not older than 12 months) show that China (with 15,5% rate) and the US (with 13,8%) significantly outstrip the Europe average at 7,8%.²⁶

If we compare entrepreneurship attitudes in different countries, Europe is lagging again behind its competitors.

In a Survey conducted in 2012 by the European Commission²⁷ only 37% of respondents in the EU would prefer to be self-employed versus 58% preferring to work as an employee (in 2009 EU citizens were almost evenly divided in their preferences with 45% vs 49%).

These results contrast quite sharply with the data from non EU countries covered by the survey (with self-employment proving a more popular alternative).

Some examples are: Turkey (82% vs 15%), Brazil (63% vs 33%), China (56% vs 32%), Croatia (54% vs 40%), South Korea (53% vs 46%), US (52% vs 46%).

It must be noted that the results hide large variations between individual EU member states (the preference for being self-employed varied from only 22% in Sweden to 58% in Lithuania.)

Many analysts consider that Europe is suffering from an entrepreneurship crisis. Entrepreneurs are increasingly older and are doing less well in terms of earnings compared to wage earners. Small businesses are not creating sufficient jobs, they are not raising labour productivity and immigrant entrepreneurs are not productively assimilated.²⁸

4. Challenges for European Entrepreneurs in the New Economy

Young entrepreneurs²⁹ identify several factors holding Europe back: 1) Lack of finance, 2) Too many regulations and administrative burdens, 3) Europe's digital market has failed to overcome fragmentation, 4) Taxes are too high and complicated, 5) Cultural problems (from multiplicity of languages to a fear of failure mentality).

²⁶ Global Entrepreneurship Monitor 2015

²⁷ European Commission, Flash Euro Barometer 354 – 'Entrepreneurship in the EU and beyond', www.ec.europa.eu/commfrontoffice/publication/flash/fl_354/eu.pdf

²⁸ Wim Naude, „Is European entrepreneurship in crisis?”, Discussion Paper no 9817, March 2016, IZA, Bonn; ftp.iza.org/dp9817.pdf

²⁹ „Does Europe lack a start-up culture?”, www.debatingeurope.eu/2016/Does_Europe_lack_a_start-up_culture

1) One of the biggest obstacles for any start-up is raising money.

In Europe (in contrast with the US) most start-ups struggle with limited funds, especially in the growth stage. London is one of the few cities with enough funding for the growth stage.

The main sources of funding are bank loans, public authorities support, capital contributions from other enterprises and venture capital.

According to a recent survey published in November 2016 by the European Commission and the European Central Bank³⁰, the access to finance in general is no longer the main issue for enterprises.

For the SMEs the 3 most important problems are: finding customers (for 25% of them), availability of skilled staff or experienced managers (20%), competition (13%). In 2016, in EU the access to finance it's only a problem for 9%, compared to 16% in 2009 and 10% in 2015³¹. However, financing might still be a barrier for smaller and younger companies or in specific countries; for example, in Greece and Cyprus, 24% of SMEs report major issues with financing, while in UK and Germany only 6%. The financing is mostly used for fixed investments (by 38% of the EU SMEs) and inventory or working capital (34%); development of new products and hiring or training employees are both reported by 15% of SMEs³².

The European Commission works on improving the financing environment for SMEs and provides information on funding: e.g., the single portal on Access to Finance helps SMEs find finance supported by the EU³³. SME access to finance is supported by the European Fund for Strategic Investments (EFSI), Europe's programme for small and medium-sized enterprises COSME and the EU's research and innovation funding programme Horizon 2020 (is the biggest EU Research and Innovation programme ever with €77 billion of funding available over 7 years - 2014 to 2020).

Another recent International Study, published on 9th October 2017, which shows the problem regarding the access to financing is "METRO International Own Business Study"³⁴. For this study, METRO has surveyed 10,000 people in Germany, France, the Netherlands, Italy, Portugal, the Czech Republic, Romania,

³⁰ European Commission, „Survey on the Access to Finance of Enterprises (SAFE)”, Analytical Report 2016, <http://ec.europa.eu/DocsRoom/documents/20403>

³¹ ibidem

³² ibidem

³³ <http://ec.europa.eu//growth/smes/>

³⁴ <https://www.metroag.de/en/media-centre/publications>

Turkey, Russia and China³⁵. This study describes the Entrepreneurial Gap („while many respondents expressed interest in owning a business, only 13 % think it is very likely they will realise this ambition”) and mentions amongst the first barriers that people encounter in starting a business the reasons like difficulties finding financial support as well as an unstable economic environment (46% mentioned that „It is hard to find the financial support to start and run your own business” and 41% that „The economic situation in my country is not ideal for independent businesses”)³⁶.

Also another aspect related to business financing is a vast disparity in levels of venture capital activity between the US and Europe.

For example, between 1995 and 2010 the US invested US\$ 321 bn more in venture capital into young, innovative companies than EU nations did (US\$ 478 bn in US versus US\$ 157 bn in EU).³⁷

In 2015 venture capital investment in the US amounted to US\$ 59,7 bn (85 % of venture capital investment in OECD countries) compared to US\$ 4,2 bn in Europe.³⁸

In the majority of European countries venture capital represents a very small percentage of GDP (often less than 0,05%).³⁹

The top positions for the OECD countries are Israel (0,38%) and the US (0,33) followed by Canada (0,2), South Africa (0,1) and Korea (0,08).

European policy makers are aware of this gap and are taking measures to address it (the creation of the European Investment Fund or the Grunderfonds in Austria are some good examples)

Still, Europe’s young entrepreneurs remain significantly underfinanced.

One of the reasons for the scarcity of venture capital in the Europe is considered the fact that venture returns in Europe have underperformed those in America.

Another challenge for European entrepreneurs is that it’s more difficult for them to use equity as part of incentive compensation structures.

³⁵ Respondents were recruited from survey panels and each country’s results are representative of the wider population on age and gender.

³⁶ <https://www.metroag.de/en/media-centre/publications>

³⁷ Ezell Stephen, Philip Marxgut, „Comparing American and European innovation Culture”, Information Technology and Innovation Foundation, US, www2.itif.org/2015/comparing-american-european-innovation-culture/pdf

³⁸ “Entrepreneurship at glance 2016” OECD, www.oecd-ilibrary.org/docserver

³⁹ idem

2) As regards the regulation aspect, different types of regulatory approach can have different impacts on innovation and entrepreneurship.

Regulation can be a powerful stimulus to innovation and entrepreneurship. EU regulation matters at all stages of innovation and entrepreneurship and can be identified at three levels: horizontal, innovation specific and sector specific.

On the other hand, too many rules or too prescriptive and rigid can hamper innovative and entrepreneurial activity by reducing the attractiveness of engaging in new businesses, start-ups, R&D activities etc.

Some examples of rules influencing entrepreneurship and innovation:

- Rules that make it easier for young entrepreneurs to secure funding from institutions;
- Rules on technology transfer from university to industry that can facilitate the implementation of innovative ideas;
- Rules for accessing credit guarantee schemes;
- Rules on bankruptcy allowing a „second chance” for entrepreneurs that have failed etc.

(The European Commission found that many countries treat honest entrepreneurs more or less like fraudsters, though only a tiny fraction of bankruptcies involve any fraud at all. Britain will discharge a bankrupt from his debt after twelve months, in Germany people expect it to take six years to get a fresh start, in France they expect it to take nine years, in Finland 5 etc.)⁴⁰

Another challenge for entrepreneurial environment in the European Union is linked to administrative burdens.

Regulation that creates administrative burdens for business can, under certain circumstances deprive entrepreneurs of resources and time that would otherwise be devoted to more productive activities.

In the last years governments have attached growing importance to administrative burdens reduction programmes.

The Netherland is a pioneer in the development of a measurement system of administrative burdens, originally labelled MISTRAL which gave rise to an international brand (Standard Cost Model) that has been adopted by a growing number of countries.⁴¹

⁴⁰ “European Entrepreneurs -Les Miserables”, The Economist, July 28, www.economist.com

⁴¹ Jacques Pelkmans, Andrea Renda, ”Does European regulation hinder or stimulate innovation? [www.ceps.eu/systems/file/No 96Eu legislation and innovation.pdf](http://www.ceps.eu/systems/file/No%2096Eu%20legislation%20and%20innovation.pdf)

3) By creating the European Single Market hundreds of technical, legal and bureaucratic barriers to free trade and free movement between the EU's member countries have been abolished; as a result, companies have expanded their operations having unrestricted access to nearly 500 million consumers. However, there are still some obstacles in areas where integration is taking longer⁴²:

- „fragmented national tax systems impede market integration and undermine efficiency
- separate national markets still exist for financial services, energy and transport
- e-commerce between EU countries has been slower to take off than at national level, and rules, standards and practices vary considerably
- the services sector is lagging behind the goods markets (although it has been possible since 2006 for companies to offer a range of services abroad from their home base)
- rules on the recognition of vocational qualifications need to be simplified to make it easier for qualified workers to find a job in another EU country”.

Nowadays, the internet and digital technologies are transforming our life, work and world. A special Eurobarometer published on May 2017⁴³ looks into "attitudes towards the impact of digitisation and automation on daily life". 27,901 EU citizens were interviewed in March 2017. While, for example 75% of Europeans think that digitisation has a positive effect on the economy and 64% say on the society, at the same time 74% think that digitisation replaces more jobs than it creates, and 44% of respondents currently working think their job could at least partly be done by a robot or artificial intelligence.

It is already recognized that digital technologies are at the center of the European economic growth. In fact, the digital economy is growing 7 times as fast as the rest of the economy and much of this growth has been fuelled by broadband internet. The idea behind the digital single market is to move from 28 national markets to a single one. A fully functional digital single market could contribute €415 bn per

⁴² https://europa.eu/european-union/topics/single-market_en

⁴³ European Commission, Special Eurobarometer 460, „Attitudes towards the impact of digitisation and automation on daily life”, Publication May 2017, <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/SPECIAL/surveyKy/2160>

year to our economy, creating hundreds of thousands of new jobs⁴⁴. Completing the digital single market will: boost competitive growth, transform Europe's industrial sector and create new products and services for this expanding market. Existing online barriers restrict access to goods and services, as⁴⁵:

- only 15% of people shop online from another EU country
- Internet companies & start-ups cannot make full use of online opportunities
- only 7% of small businesses sell goods or services across the EU's borders
- businesses & governments are not benefiting from digital tools as much as they might.

4) Taxes should be designed to encourage new and growing firms, i.e. including investment incentives, stock options and transparency. When asked the question: „what's stopping you from starting your own business?“, one of the most common responses was: “taxes”. The EU is often perceived as not being a particularly friendly environment for entrepreneurs, with high tax rates and too much red tape. However, the truth is that the corporate tax rate in Europe can vary a great deal from country to country.

In Ireland, for example, start-ups are granted a 100% tax exemption for the first three years. Likewise, in Italy, Belgium, and Spain, innovative start-ups benefit from lower tax rates. Corporate tax rates can vary from 35% in Malta, to 10% in Bulgaria (one of the lowest corporate tax rates in the world)⁴⁶.

5) Even if the European Union has a great advantage regarding the supply of skilled workers (the supply seems to surpass the demand and therefore prices for skilled labour tend to be low comparing with the US) there is still a problem with crossing country borders.

Though in theory the European Union makes it easy for people to move to another country, it is dangerous to underestimate the difficulties of having people live in a completely different cultural environment. Cultural attitudes and norms play an important part in whether entrepreneurship is considered a viable and worthwhile option. We should recognise that language differences can also act as a barrier, and increase the fragmentation of markets – which is what the Digital Single Market is trying to prevent. The obstacles for a cross-border e-commerce

⁴⁴ <https://ec.europa.eu/digital-single-market/en/policies/shaping-digital-single-market>

⁴⁵ https://europa.eu/european-union/topics/digital-economy-society_en

⁴⁶ <http://www.debatingeurope.eu/2016/11/30/tech-start-ups-pay-no-tax/#.WeOn9jdx3IU>

are: restrictions based on a customer's residence, nationality or location; a practice known as geo-blocking, language differences etc..

For example, the online shoppers often have limited language skills: which is often reflected in the expression "don't understand, won't buy". At the same time, e-retailers and web-based traders can be reluctant to service customers in many different languages. This is especially true when it comes to maintaining 24 language versions of the website and also providing after-sales services in the same multitude of languages (Europe has 24 official languages). It means that multilingualism can become a serious obstacle especially for smaller enterprises. Neelie Kroes, former Vice-President of the European Commission and commissioner for the Digital Agenda, recognised that cultural attitudes were key, saying at the launch of the European Digital Forum⁴⁷ that if she could change one thing about Europe in order to promote startups, it would be Europe's attitude towards risk. Europe became risk-averse after the Second World War⁴⁸. „New technology, as well as self-employment in general, are perceived as too risky. People refrain from taking unnecessary risks, and therefore, do not become entrepreneurs”⁴⁹.

According to a panel of European investors and entrepreneurs, „the biggest obstacle to European success in the digital economy is a lack of entrepreneurial culture”⁵⁰. In order to foster entrepreneurship in the digital economy, it is necessarily to encourage a „culture of failure” (a “culture of second chances” like in the United States or in Israel, where once-failed entrepreneurs can quite easily orient themselves toward a new business idea) and support a greater openness to new ideas⁵¹. Klaus-Heiner Röhl presents some recommendations to create and support a “can do” attitude: “strengthen entrepreneurial culture in schools”, “encourage unemployed persons to found companies”, “use massive open online

⁴⁷ <http://www.europeandigitalforum.eu/>

⁴⁸ Jorge Valero, “More than money, Europe needs entrepreneurial culture change”, April 4, 2016, <https://www.euractiv.com/section/digital/news/more-than-money-europe-needs-entrepreneurial-culture-change/>

⁴⁹ Vera Demary, „What Europe needs is to become more entrepreneur-friendly”, <http://senja.gr/blog/1264-entrepreneurship/70:what-europe-needs-is-to-become-more-entrepreneur-friendly.html>

⁵⁰ Ben Rooney, Lack of Entrepreneurial Culture Seen as Europe's Biggest Obstacle, Jun 1, 2011, <https://blogs.wsj.com/tech-europe/2011/06/01/lack-of-entrepreneurial-culture-seen-as-europes-biggest-obstacle/>

⁵¹ Klaus-Heiner Röhl, “Entrepreneurial culture and start-ups: a new culture encouraging entrepreneurship could trigger more innovative start-ups”, December 12, 2016, <https://insme.wordpress.com/2016/12/12/entrepreneurial-culture-and-start-ups-a-new-culture-encouraging-entrepreneurship-could-trigger-more-innovative-start-ups/>

courses to teach entrepreneurship”, “encourage connections between the emerging start-ups and existing SMEs”⁵².

But rebuilding the entrepreneurial culture will not happen overnight. In order to build the foundations of this new era, the Commission put forward an action plan for “reigniting the entrepreneurial spirit in Europe” by 2020⁵³. The strategy adopted in January 2013 is based on three pillars: developing entrepreneurial education and training; creating the right business environment; and role models and reaching out to specific groups.

Referencies

Cuervo Alvaro, Ribeiro Domingo, Roig Salvador, “*Entrepreneurship: Concepts, Theory and Perspective*”, www.uv.es/bcjauveg/docs/LibroCuervoRibeiroRoig/Introduction.pdf.

Demary Vera, „*What Europe needs is to become more entrepreneur-friendly*”, <http://senja.gr/blog/1264-entrepreneurship/70:what-europe-needs-is-to-become-more-entrepreneur-friendly.html>.

European Commission, Flash Euro Barometer 354 – “*Entrepreneurship in the EU and beyond*”, www.ec.europa.eu/commfrontoffice/publication/flash/fl_354/eu.pdf.

European Commission, Communication from the Commission to the European Parliament, The Council, The European Economic and Social Committee and the Committee of the Regions: *Entrepreneurship 2020 Action Plan - Reigniting the entrepreneurial spirit in Europe*, COM/2012/0795 final, Brussels, 9 Jan 2013, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52012DC0795>.

European Commission, „*Survey on the Access to Finance of Enterprises (SAFE)*”, Analytical Report 2016, <http://ec.europa.eu/DocsRoom/documents/20403>.

European Commission, Special Eurobarometer 460, „*Attitudes towards the impact of digitisation and automation on daily life*”, Publication May 2017, <http://ec.europa.eu/commfrontoffice/publicopinion/index.cfm/Survey/getSurveyDetail/instruments/SPECIAL/surveyKy/2160>.

⁵² Ibidem

⁵³ European Commission, Communication from the Commission to the European Parliament, the Council, the European Economic And Social Committee and the Committee of the Regions: *Entrepreneurship 2020 Action Plan - Reigniting the entrepreneurial spirit in Europe*, COM/2012/0795 final, Brussels, 9 Jan 2013, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52012DC0795>

- Ezell Stephen, Marxgut Philip, „*Comparing American and European innovation Culture*”, Information Technology and Innovation Foundation, US, <http://www2.itif.org/2015-comparing-american-european-innovation-cultures.pdf>.
- Naude Wim „*Is European entrepreneurship in crisis?*”, Discussion Paper no 9817, March 2016, IZA, Bonn; <ftp.iza.org.dp9817.pdf>
- OECD, „*A framework for addressing and measuring entrepreneurship*”, 2008, [www.oecd.org/officialdocuments/public display](http://www.oecd.org/officialdocuments/public_display).
- OECD, „*Entrepreneurship at glance 2016*”, www.oecd-ilibrary.org/docserver.
- Pelkmans Jacques, Renda Andrea, „*Does European regulation hinder or stimulate innovation?*”, [www.ceps.eu/systems/file/No 96Eu legislation and innovation.pdf](http://www.ceps.eu/systems/file/No_96Eu_legislation_and_innovation.pdf).
- Röhl, Klaus-Heiner, „*Entrepreneurial culture and start-ups: a new culture encouraging entrepreneurship could trigger more innovative start-ups*”, December 12, 2016, <https://insme.wordpress.com/2016/12/12/entrepreneurial-culture-and-start-ups-a-new-culture-encouraging-entrepreneurship-could-trigger-more-innovative-start-ups/>
- Rooney Ben, „*Lack of Entrepreneurial Culture Seen as Europe’s Biggest Obstacle*”, Jun 1 2011, <https://blogs.wsj.com/tech-europe/2011/06/01/lack-of-entrepreneurial-culture-seen-as-europes-biggest-obstacle/>.
- Valero Jorge, „*More than money, Europe needs entrepreneurial culture change*”, April 4, 2016, <https://www.euractiv.com/section/digital/news/more-than-money-europe-needs-entrepreneurial-culture-change/>
<http://www.debatingeurope.eu/>
www.europa.eu
- *** „*European Entrepreneurs - Les Misérables*”, The Economist, July 28, 2012 www.economist.com
- *** „*Entrepreneurial Gap: Many would like to own a business, but only few will take the plunge*”, October 9, 2017, <https://www.metroag.de/en/media-centre/publications>
- *** *Global Competitiveness Index 2016-2017*, [www3.weforum.org/docs/GCR 2016-2017/05Full Report/pdf](http://www3.weforum.org/docs/GCR_2016-2017/05Full_Report/pdf)
- *** *The World’s Most Innovative Companies 2017 Ranking*, <http://forbes.com/innovative-companies/list>
- *** *Thomson Reuters 2016 top 100 Global Innovators Report*, [http-top100innovators.stateofinnovation.com/sites/files//content/top100](http://top100innovators.stateofinnovation.com/sites/files//content/top100)