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## Editorial

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**Biographical notes:** Erich J. Schwarz is the Head of the Department of Innovation Management and Entrepreneurship at Klagenfurt University in Austria. He is also the Deputy Dean of the Faculty of Business Administration at the same institution and was Visiting Professor at several universities in Austria, Germany and Slovenia. His current research deals with young, innovative SMEs, integration of customers into the innovation process and success factors of new ventures.

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Europe has faced considerable political, socio-economic and technological challenges in the last two decades. Until 1989, Europe was divided in two regions with contrasting political and economic systems: West Europe with free-market economies and democratic systems and East Europe with central-planned economies and communist system. Since the collapse of communism, Eastern European countries have begun a transformation towards democratic systems with free-market economies, followed by processes towards integration with the European Union (EU). Though many of them have now entered the EU, they remain underdeveloped in comparison to the old EU member states.<sup>1</sup> For example, gross national income (GNI) per capita in the new EU member states reached a regional average of US \$12,773 in 2007 (ranging from about US \$4,590 in Bulgaria to US \$24,940 in Cyprus). The average GNI per capita in the 'old' EU countries at that time was US \$42,019 (World Bank Quick Query).

The system transition in the countries of Central and South Europe has been accompanied by socio-political problems such as ethnic conflicts in the Western Balkans, which resulted in domestic wars in the 1990s. Furthermore, the integration processes within the EU have triggered massive migration of Eastern Europeans to the higher-income countries of West Europe, especially among young, well-educated people who saw better job and life opportunities in those countries. That brain drain further aggravates the development of less developed European regions.

Besides these striking political and socio-economic changes, European countries now face the further challenge of transition toward knowledge-based economies, especially

since the Lisbon Agenda was launched by the European Council in 2000. That agenda responded to the low-economic growth of European economies by aiming to make the European Union the most competitive knowledge-based economy in the world by 2010. Latest available data on technology development reveal that European economies are still less competitive compared to the USA or dynamic developing Asian countries. The portion of high-technology exports to total manufactured exports in the EU in 2006 ranged between 4% in Poland and Romania and 28% for Netherlands, with Ireland and the UK as outliers (34%). This compared to 30% in the USA and China, 54% in Malaysia, 58% in Singapore and even 68% in Philippines (World Bank Quick Query).

Entrepreneurship is viewed as one of the crucial factors for the development of free-market economies and revitalisation of innovation systems (Lyles et al., 2004; Drucker, 2007). New ventures are expected to generate wealth, create job opportunities and be an important source of innovation. In the context of post-communist countries, they additionally enable individuals to develop skills and knowledge necessary to act in a free-market economy, thus, increasing their adaptability to the new conditions (Aidis and Sauka, 2005). Emerging from the Fourth Conference on the Theory and Practice of Entrepreneurship, organised in Klagenfurt (Austria) in October 2007, the papers presented in this special issue of *IJBG* focus on challenges for new ventures in Europe undergoing significant political, socio-economic and technological transitions and on approaches to helping new entrepreneurs face these challenges successfully.

The paper opening this issue, “The dilemma of the Turkish Cypriot entrepreneur: the view from the ‘Green Line’”, by Howells and Krivokapic-Skoko, discusses entrepreneurship in a largely hostile environment. This paper seeks to deepen our knowledge about factors hampering entrepreneurial process in the Turkish Republic of Northern Cyprus, a region isolated from the international community by economic and political embargoes. The paper reveals that entrepreneurs acting in a hostile environment can be successful despite unfavourable conditions.

The subsequent article, “The role of entrepreneurship- and technology transfer-oriented initiatives in improving the innovation system in the Western Balkans”, by Harms, Wdowiak and Schwarz, discusses the contribution of academic institutions to promoting and facilitating entrepreneurship and technology transfer in the still underdeveloped, post-communist Balkans countries. Their examples of successful cross-border and multicultural cooperation of academic institutions and enterprises should encourage regional organisations to apply a network approach to enhance local entrepreneurship and innovation.

Similarly, Thandi and Dini apply a network perspective in the context of immigrant entrepreneurship in their work on “Unleashing ethnic entrepreneurship: proactive policy-making in a changing Europe”, arguing that co-ethnic, multi-ethnic and host-country networks might provide economic and social benefits to immigrants running entrepreneurial businesses. The authors propose various government initiatives to promote and facilitate the ethnic entrepreneurship that has become an increasingly viable occupational option for immigrants in European countries.

In his paper “Serial entrepreneur and entrepreneurial learning: a case study from Finland”, Kuuluvainen provides insights into the characteristics and behaviour of serial entrepreneurs. He analyses serial entrepreneurship as a learning process and illustrates how serial founders can use their previous entrepreneurial experience – both success and failure – in their subsequent firm(s). It is an important voice in light of a still negative attitude towards business failure among Europeans.

In the final paper, “Entrepreneurial team characteristics and success of new technology-based firms in Germany”, Dautzenberg and Reger address technological entrepreneurship in both manufacturing and service sectors. In particular, they examine direct effects of various demographic attributes of founding team members on firm performance. The authors report only minor impact of team heterogeneity on firm success in both sectors and conclude that these attributes may affect firm performance in an indirect way, through team processes (e.g. communication). Given the importance of technological entrepreneurship for the development of the knowledge-based economy and the prevalence of team leadership in high-tech sectors of Europe, it is a relevant postulation for future research.

We believe this collection of papers offers timely insights into the challenges and future directions of European entrepreneurship. We would like to thank all authors and reviewers for their effort. Our special thanks go to the Editor-in-Chief of the *Int. J. Business and Globalisation*, Distinguished Professor Richard W. Wright, for his enthusiasm and huge support by conceptualising and producing this special issue.

## References

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## Note

- <sup>1</sup>The European Union (EU) encompassed 15 state members until May 2004: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the UK. In May 2004, 10 new countries joined the EU: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia. In January 2007, Romania and Bulgaria became the newest state members of the EU.