

Book Reviews

Fostering entrepreneurship

OECD, Paris, 1998, 286 pp, FF175; US\$29; DM52, ISBN 92- 64161392

The OECD became convinced of the need to foster entrepreneurship as a result of the Jobs Study which it undertook amongst member countries in 1994. The capacity to deal with high unemployment levels was thought to be enhanced by improving an economy's capacity to change, and the development of entrepreneurship was seen as critical to this. Some countries had adapted, but Continental Europe, in particular, had experienced rising unemployment.

This follow-up study was undertaken in order to make policy recommendations that governments might adopt to create a more nurturing climate for entrepreneurial activity. Governments might be expected to welcome and adopt such recommendations because of the role of entrepreneurship in stimulating competition within economies, as well as its capacity to create jobs and thus reduce unemployment and the poverty which accompanies it.

This survey identifies three interrelated dimensions, necessary if entrepreneurship is to prosper and grow. These are: conducive institutional frameworks; well-designed government programmes; supporting cultural attitudes. Success in entrepreneurship evolves from the synergy of these elements.

The experience of OECD countries is examined for its use in improving policies. Five countries (Australia, the Netherlands, Spain, Sweden and the USA) are considered in depth. The choice of country was dictated by OECD's calendar of country reviews rather than the representativeness of the countries included, but it is supplemented by a chapter on Entrepreneurship in Eastern Europe, with information collected during OECD's extensive programme of delivering technical assistance to those countries trying to develop private enterprise in what were previously planned economies.

The conditions which allow entrepreneurship to grow and flourish include the existence of a regulatory framework which allows those involved to begin and end such activities without too much hindrance. Bankruptcy rules which reflect the risk-taking realities of business are involved here. Access to sources of finance from efficient financial markets and a simpler system of corporate taxation would go a long way to dealing with the problems of finance, and a flexible labour market would help employers optimise their human resources. This is even more essential when activity is dependent upon a limited number of employees.

Although broad policy guidelines are produced it is envisaged that member countries would examine these to see how they could best be adapted for use in their own situations — the local dimension of entrepreneurship being a theme that is given special attention. The roles played by local and regional authorities are fully documented.

Although the detailed country studies have been published previously in the Economic Surveys series this is a valuable international synthesis of information on an area which has previously only been the subject of country by country comparisons. The OECD aims to contribute to sound economic expansion. It sees the stimulation of entrepreneurship as one of the most promising ways of increasing job creation and boosting the economy, without distorting market forces; small firms of 100 people or less were responsible for 85 per cent of the net new jobs created between 1992 and 1996. It is part of its broader mission to develop public services to help OECD economies adapt to structural change and globalisation.

The book is aimed at national policy makers, who can design programmes which compensate for lacunae in market mechanisms. As entrepreneurship flourishes better in some countries than

others it should enable the aforementioned policy makers to select those elements from the experience of others that can be adapted to national conditions. Without this the regulatory national frameworks will continue to produce 'barriers to competition which limit the incentive on enter-

prises to innovate and perform more dynamically'.

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The entrepreneurial society

Robert Gavron, Marc Cowling, Gerald Holtham and Andrea Westhall, Institute for Public Policy Research, London, 1998, 148 pp, £9.95, ISBN-1-86030-063-4

'The Entrepreneurial Society' is a short book reporting on a study of Britain's support for entrepreneurs and entrepreneurship, and as well as making comparisons with other developed economies — USA, Japan, France and Germany — the authors propose a range of policy recommendations for creating 'a country of enterprise'. The 148-page book takes the reader on a journey of some of the key dimensions of enterprise, arguing strongly throughout for re-establishing new business and entrepreneurship on to the policy agenda.

Chapters 1 and 2 discuss the role and value of business start-ups in an entrepreneurial society and the effectiveness of UK government policy in affecting quality sustainable firms. The authors argue for a more balanced and holistic policy approach suggesting that recent shifts in policy have moved the support agenda too far towards a minority of growth companies.

Tackling the more fundamental issues of building an entrepreneurial culture, Chapter 3 attempts to address the challenges of educational policy for schools, colleges and universities. Interestingly and appropriately, the need for educating the educationalists, not just the students, is brought to the attention of the reader. The implication of this is that education itself needs to be able to be more enterprising and entrepreneurial in its design and delivery of relevant learning and training opportunities. The chapter proposes a range of mechanisms for stimulating and promoting entrepreneurs.

The authors are further concerned about the poor survival rates of UK new firms and in Chapter 4 an overview of the array of business advice

and training aimed at the improvement of business success is undertaken. Included in this chapter are both infrastructure developments such as business incubators and the new UK policy initiatives such as the University for Industry. Published in 1998, the book is only able to take a cursory glance at such new proposals.

Chapter 5 returns to the issue of promoting entrepreneurship by taking consideration of the specific challenges of developing effective policy for supporting unemployed persons wishing to make the transfer into self-employment. Finally, Chapter 6 revisits the traditional 'hot potato' of the small business finance gap suggesting that the situation of access to, and availability of, appropriate funds for small firms is improving, but that there is still a long way to go, especially with the role of business support organisations in helping small firms become better risks. The authors propose a package approach combining finance with advice and support.

Overall the book takes a challenging and conceptual approach to entrepreneurship and what it means for both policy and practice in creating and building a successful entrepreneurial society. The style of the book is refreshing in that it attempts to encapsulate many perspectives and act as a bridge between anecdotal practitioner views and academic research output. This is of course always dangerous territory as the authors take the risk of not satisfying either community. However, many recent arguments have urged more effort to be placed in building the bridges that can enable more effective use of quality research and empiri-

cal evidence to inform policy. This is especially important within the context of the complexity of entrepreneurship within a socio-politico-economic environment. The authors in this case however seem to have got the balance about right.

Other areas which could have been explored further within the context of such a publication would be the implications of technology and the current political drive for a knowledge based economy; the widening role of collaborative partnerships within all strata of the business, support and educational communities; and the critical linkages between entrepreneurial and corporate environments. The argument for re-thinking who needs to learn if an entrepreneurial society is going to prevail requires a strong policy emphasis — but perhaps all this is for the sequel ‘Developing the Entrepreneurial Society?’ It is evident that the authors share a passion for the policy agenda proposed herein which at times can be portrayed as deterministic in outlook and prescriptive in style. There will be passages and proposed policy recommendations that may not be new to some readers. This does however reflect in general a commentary on the slowness of progress within the policy arena towards effective support for developing entrepreneurs and an entrepreneurial society. In the main, this book does provide practical policy proposals that are achievable even though some

may not be easily acceptable. There has been no aim of the authors to substitute for academic output on the subject and the book brings the concepts and arguments together from a policy perspective to a wider audience. However, there will be some readers who will no doubt want to dig deeper into some of the arguments put forward.

‘The Entrepreneurial Society’ is far more than a mere descriptive text and although it is not intended to be a ‘how-to’ book for practitioners it provides useful conceptual insights into some important and critical issues that society will need to address if it wishes to create the proposed type of environment. The book is timely, written on the back of a change of government, and with the current thrust towards enterprise and entrepreneurship, the existing TEC review, and political changes such as regionalism, devolution and the establishment of the Small Business Service. For the current price of £9.95 it is a useful read for all those interested in, influenced by, or wishing to influence the changing society we live and work in and the role of entrepreneurship in its development.

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Strategic entrepreneurship: A decision-making approach to new venture creation and management

Philip Wickham, 1998, Pearson Publishing (formerly Pitman), London, 328 pp, £15.99, ISBN-0-273-6371-39

This book focuses on the importance of entrepreneurship as a style of management, rather than as a business concept. This approach allows the author to consider the wider role that entrepreneurial thinking should play in the decision processes of business, and links this to its effect on society as a whole.

The book takes a refreshingly strategic approach to its subject — the format of the book is orga-

nised into four self-contained but well-linked sections, which take the reader through the concepts of entrepreneurship, decision making, new venture creation and management of growth and development, in a clear and logical manner.

The book contains several diagrams to support the text and on the whole these work very well. However, there are occasions when they are either a little contrived or simply irrelevant as the mean-

ing of the passage supported is quite clear on its own. This over abundance of figures and diagrams leads at times to some confusion where none need exist. This over use may stem from the fact that the author is attempting to many target audiences — from undergraduates to owner-managers. This is a very difficult objective to accomplish as each market segment has its own needs and demands — and to try to satisfy all of them in one volume is really not practical. However, given this multi-segment approach, the one principal omission of this book is the importance of the role that entrepreneurship education should play in facilitating the strategic thinking process within these different target groups. If as the author states ‘learning to be entrepreneurial is like learning to do anything else’ — then what are the best methods to achieve this and how do they differ at the various gestation periods of the strategic process as outlined by the author? That aside, from the perspective of those readers who are engaged in delivering and supporting entrepreneurial education, this book has much to commend it. With its interactive style

and clear learning outcomes, together with its well-structured and comprehensive approach to the subject matter, it is an important addition in helping to make that process both relevant and effective.

The book is well referenced and easy to read and follow without ever becoming simplistic and nearly all the areas that need to be considered when taking a strategic approach to its subject matter are covered within the text. While some of the coverage given to such areas such as the importance of mission statements could be questioned, other areas such as financial analysis are handled competently and with authority.

In summary, the author is to be congratulated in producing a text that is an important contribution to the teaching and understanding of the entrepreneurship process and I have no doubt in recommending its purchase.

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Management of small tourism and hospitality firms

Rhodri Thomas (Editor) Cassell, London, 1998, 230 pp, £15.99, ISBN 0-304-70197-1

The text is a reader designed to consolidate knowledge in the field of tourism and hospitality small firms. It was produced to meet a felt need for a sector-specific and small firm-specific reflection on current literature for an audience of researchers, students, small business advisers and policy makers.

The material is presented in two parts. The first part contains readings and opinions dealing with Small Business Development — and includes, *inter alia*, the characteristics of small firm owners, the reasons for small firm failure, issues concerning financing, small business policy and the characteristics of the small firm environment. Part II contains standard topics in the area of Small Business Management including — planning, marketing, the use of IT and growth strategies.

Assessed on the basis of its consolidation of

existing knowledge and for providing a sound foundation for future study, the book achieves its own stated aims. It provides a valuable starting point for research students new to the area and for other hospitality students and advisers in that it is brimful of references — allowing the reader to follow a bibliographical trail of their choosing.

However, because it is aimed at a wide audience with different needs, it is debatable whether it could be any more than ‘starter for ten’ for any one segment of its market. The needs of research students, for example, may be better met with a focus on current empirical research and methodology in the hospitality and tourism industries. Additionally a text directed at this segment might require a somewhat different ‘frame’ involving, for example, a more intensive consideration of themes (perhaps more links with entrepreneurship,

ethics or the family context of many small firms).

Similarly the relatively broader base required for undergraduate students may merit a more holistic treatment of the industry — including the significance of large firms and their problems and opportunities. Also in this respect an omission in Part II with its treatment of planning, marketing, employee relations etc is a chapter devoted to service operations — an issue of some significance in the hospitality and tourism industry.

In terms of the balance of the book, it appears that more time has been given to deliberation of small firm issues — apparent in the discussion of the various approaches to defining and managing a small firm — but also in the weight given to this part of the equation in most of the chapters. Contrariwise, “hospitality” — its definition and treatment — is given slightly less than equal emphasis

and this omission is discernible, given the debate in the literature about what is meant by the term — whether it is a product, a process or an experience — and where the boundaries can be drawn between it and its near neighbours such as tourism and leisure.

In summary, although the text does not claim to fully meet the needs of all the segments it is has been written for, it does represent a very valuable starting point in the field enabling the reader to identify a variety of avenues which can be further explored by following through on the extensive reference list accompanying each chapter.

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