

Öffentliche Ansprüche und KMU
Public demands and SMEs

New relationships between public and private spheres – Socially responsible undertaking

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1 Introduction¹

A considerable gap yawns between the micro-experience of the world of small entrepreneurs and the more macro-oriented vision of politicians, policy makers and civil servants. But the government will have to be able to achieve its macro-oriented public goals while taking into account the micro behaviour of entrepreneurs. This paper deals with this problem.

Defining public goals through setting standards and controlling behaviour is an essential condition in a constitutional state for the legitimating of the regulation, but is not sufficient condition for achieving the public goals. For this it is necessary to supplement regulation with an adequate system of implementation and enforcement. In this paper, attention is paid to the implementation: how is regulation steered and what is the role of transfer of information obligations? We are, therefore, searching for instruments with which the government attempts to influence the behaviour of businesses to move towards the goals already determined by political decision-making. We shall see that, to an increasing extent, the government explicitly tries to find a connection with reference systems in businesses. Using this angle of approach we shall look more closely at the public and private spheres (section 2), the enterprise as a semi-autonomous social system (section 3) and the steering models used by the government to regulate the behaviour of businesses (section 4). Section 5 contains a conclusion.

2 Public and private spheres

Introduction

The fact that there are two distinct spheres in the social constitutional state cannot be denied. It is more difficult to indicate where the private sphere begins and ends and what characterises this sphere. The same applies for the public sphere. The answer is, however, of some importance for the problem we are addressing. How can we make decisions about the question concerning influencing the behaviour of businesses in the private sphere by regulations imposed from the public sphere, without knowing the fundamental characteristics of and the demarcation between the two spheres?

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Two spheres

The private sphere is the oldest and forms the natural origin of humanity. The public sphere came into being when man, in his private sphere, found himself increasingly confronted with external threats, which he could not, or insufficiently, deal with on his own. This is how the process of collectivisation started and gave the first impetus for the existence of the public sphere. Combating these threats required collective decision making about common goals, choice of instruments, the financing and use of the these instruments, implementing, supervising and enforcing compliance (De Swaan 1993). Decisive for the dividing line between private and public sphere is the answer to the question: on which matters do we, in the social constitutional state, make collective decisions and on which matters do we not? This question is answered in the political debate of the social constitutional state. As opinions and circumstances are ever changing, the answers to such questions will not always be the same everywhere. The dividing line between the private and public sphere is constantly shifting, depending on political preferences and ever-changing circumstances.

Two fields of tension

There are fields of tension between the public sphere and the private sphere. The given fact that the public sphere interferes with problems in the private sphere, which cannot be solved in the private sphere, can result in tension. A second source of tension could be the way in which the public sphere interferes in the private sphere: the choice of instruments and the way in which these are used.

Tension occurs as soon as imperative regulations are imposed from inside the public sphere on the private sphere. After all, undesirable behaviour or conditions – which it is impossible to deal with in the private sphere – are tackled or regulated from the public sphere. This tension is unavoidable because it is the government that has been asked to steer undesirable behaviour and conditions in the private sphere in the required directions. Public goals are anchored in the public sphere; they have to be realised and complied with in the private sphere. This is no simple assignment. It is, however, the case that the greater political agreement there is about, and wider social support for certain regulation the weaker the field of tension will be. Table 1 illustrates the tension that exists between private and public codes of behaviour in relation to a number of aspects.

<i>Private codes of behaviour</i>	<i>Public codes of behaviour</i>
Emphasis on encouraging economic standards	Accent on safeguarding democratic principles
Serve primarily to protect organisation for commercial reasons	Serve primarily to protect citizens' general interests and the correctness of public administration
Code of behaviour not intended for external use; confidentiality is rule	Active and passive provision of information to citizens is anchored in law
Great variety of ethical codes	Uniform standards
Flexible in accepting gifts	Accepting gifts 'not done'
Wrongs kept within four walls	Offences are made public

Source: Van Vugt en Boet 1994, pp. 62–63; adapted by AN.

Table 1: Differences between private and public behaviour code

The second field of tension that can be influenced to a greater extent is the choice of instruments; the tools the public sphere uses to communicate with the private sphere. As the private sphere is the source and the desired change in behaviour has to take place there, it may be assumed that the instruments chosen for this communication will be tuned, as far as possible, to the characteristics and acceptance of the actors in the private sector, the enterprises. The same requirement also applies, of course, to the content and design of the transfer of information obligations imposed on businesses.

Adapting classical steering axioms

The problem of the tension between the private and public spheres was recognised quite some time ago (Snellen 1987, pp. 11–30). Snellen argued in favour of a shift in the paradigm in the classical axioms concerning steering in conformance with the conceptions of Administrative Law at that time. Briefly summarised, these axioms applied to the following aspects. First and foremost, the government in its role of steering body (subject) in relation to social organisations (object) as steered systems. This steering is based on information about the actual situation (for the actors in society) and models of the desired situation. If the correct steering signals are given and the right steering instruments are used society will react in the desired way. This is the government's vision of steering requirements, which led to the “underestimation and insufficient use of the steering capacity of society itself” (Snellen 1987, pp. 76–77). The approach that resulted from this view – in combination with high steering ambitions – led to disappointing results and increasing bureaucracy. At that time, Snellen was of the opinion that the axioms needed to be adapted in two ways.

First, the government is not the central steering point in society. The assumed subject-object relationship between government and the actors in society needs to be changed to a subject-subject relationship. Steering by the government and self-steering, in our case by businesses, are complementary. The second element that needs to be changed is what is called “the simple open-system approach” to social systems. This means that public steering of the private sector often takes place under the assumption that the public and private spheres are one and the same. This assumption is “a condition to allow steering signals and steering impulses from the steering body to work effectively on the steered system” (Snellen 1987, p. 19). The enterprise will recognise external signals only if they are linked to its own frame of references. Such self-referring organisations are called autopoietic systems. This will not say that those social systems are isolated from their environment but that they have contact with their environment as autonomous entities. This phenomenon in such social systems is termed ‘semi-autonomous’ in anthropology (Moore 1973).

3 The enterprise: a semi-autonomous social system

Introduction

The public sector interacts with enterprises in the private sphere by imposing obligations. Adequate interaction demands – in this case – that the sender (the public sphere)

transmits on the frequency of the receiving party, the enterprise. The problems that the sender can come up against while doing so are the subject of this section.

Semi-autonomous systems

Anthropologists have known autonomous entities for a long time. They call them Semi Autonomous Social Fields (SASF). Semi-autonomous indicates that the field is capable of generating its own rules, decisions and symbols. At the same time, however, it is also vulnerable to rules and decisions and other influences from its environment (Moore 1973, p.720). The SASF problem is always, and very emphatically, present when imposing public behaviour regulations, including information obligations on private enterprises. No government can permit itself to ignore this fact.

Weber also recognised the phenomenon of the enterprise as SASF, although he never called it that. Speaking about the problems when successfully imposing legal coercion on economic fields within the private sphere he says: "...the inclination to forego economic opportunity simply in order to act legally is obviously slight, unless circumvention of the formal law is strongly disapproved by a powerful convention...". Weber was also very conscious of the risk of non-compliance with legislation and regulation by businesses (Weber 1954, p.38).

Within the SASF enterprise Bentham's utilitarianism is the motor of the most defining activity, the process of production or service. According to Bentham, usefulness is the sole criterion for moral human actions. Activities no longer have any intrinsic moral value, but their value must be weighed against their effect, in this case the expected external usefulness in the form of an external demand for the results of the activities. As long as there is sufficient demand for a certain product or service then – within the SASF enterprise – the criterion of moral human action in the spirit of usefulness has been met. Ethics and business economics have, therefore, been made independent but have also disconnected from each other. Ethics and morality threaten to become a purely public matter. Such a way of thinking can easily result into the assumption that enterprises no longer exist in the public interest (Kimman 2001, D29–D30).

The government, when involved in regulating the behaviour of businesses and imposing transfer of information obligations, must be very conscious of this field of tension. Entrepreneurs and their staff operate within two systems each with its own values: that of the private domain of the enterprise with continuity and profit as dominant values and that of the public domain with its many public goals. "The success of law enforcement ultimately depends on its consistency with and reinforcement from other vectors, the organization's rules for advancement and reward, its customs, conventions and morals" (Stone 1975, p.67).

Enterprises as monsters

In addition to the closed attitude of enterprises to goals from the public area, there is another problem, which plays a role in the relationship public sphere and private sphere and enterprises in the social constitutional state. Conceptually enterprises do not exist in a democracy but in reality they do (Van Gunsteren 1994, p.83). Free citizens, among them the director-owners and managers of large businesses, can – through

the electoral system – exert political influence; businesses on the other hand, as legal body, have no right to the vote. “Legal entities cannot marry, nor can they vote, they can be ‘murdered’ without fear of punishment (that is to say they can be liquidated) and they cannot make a will” (Bergamin 2000, p.89). The applicable constitutional terminology offers no place to legal bodies on the political stage. It is paradoxical that everyone realises that the fact that businesses act as legal bodies in the public sphere is unavoidable. Instead of the formal instrument ‘the vote’ which is available to the free citizen legal bodies have the informal instrument ‘the lobby’ (Nijssen 2000a, pp.49–51). It is true, of course, that generally speaking business can exert influence via various national and international councils, for example through representation in the International Labour Organisation, the ILO.

In cultural anthropology phenomena, which do not fit into the valid classifications, are called ‘monsters’. Because businesses do not fit in the classification framework of the public and private sphere Van Gunsteren calls businesses ‘monsters’ within the public sphere. “They ‘should’ not exist but they are indispensable and do exist, thank goodness” (Van Gunsteren 1994, p.84). This dual position has advantages and disadvantages for businesses. On the one hand they have – formally – less authority in the public sphere than the free citizens and the government. On the other hand they can, if they are addressed unpleasantly in the public sphere, withdraw referring to their non-public status. We do not represent the public interest (Van Gunsteren 1994, p.87).

The personality of the entrepreneur

The term ‘monster’ applies mainly to larger businesses, the legal bodies that are managed from a managerial capitalism. However, the director-owner who does have access to the public sphere often has personal characteristics, which are often far from being in line with the requirements of the public sphere. To illustrate such problems Van Gunsteren uses Douglas’ and Wildavsky’s cultural theory. They developed a typology of 4 possible ways of life (see table 2). The variation of the involvement of an individual in social life – in our terminology the total of the public and private spheres – is replaced in this perception by two social dimensions: ‘group’ and ‘grid’. ‘Group’, the private sphere, concerns the extent to which an individual is embodied in a limited unit of people. The greater the incorporation the more the individual choice is subject to the decisions or standards of the group. ‘Grid’ the public sphere concerns the extent to which the life of the individual is limited by externally imposed alternatives. The more binding and extensive these are, the smaller is that part of life that is free for individual negotiation and choice.

	Group +	Group -
Grid +	Hierarchical	Fatalistic
Grid -	Egalitarian	Individualistic

Source: Van Gunsteren, 1994, p. 150; adapted by AN.

Table 2: Way of living or social relationships

Individuals will attempt to match their culture (i.e. their way of perceiving, experiencing and their actions) to that of their social relations and vice versa. The comparison

between the anticipated situation and the real situation determines what man experiences and how this is accepted. The individuals – entrepreneurs are individualist par excellence, contrary to government authorities who can be placed more surely in the hierarchical quadrant – will not expect or wish to have a complete overview of the situation. The attitude ‘not necessary to acquire a complete overview of society’ – which, it is expected, will often be met with ‘smaller’ entrepreneurs – has as consequence the fact that problems which have been defined from the public sphere will not be seen by these smaller enterprises as being part of their own private world. There is, therefore, a discrepancy between the method of steering on one hand and the way of life of the entrepreneurs to be steered.

At this time the hierarchical steering method is most common. There are indications that, at the turn of the 20th century the hierarchical form of administration – including the imposition of transfer of information obligations – is still the most common. When the government approaches entrepreneurs, with the intention to impose obligations, it would be wise to take their specific individualistic personal characteristics into account and chose for a less hierarchical style of government (Van Gunsteren 1994, pp.150–152). It was Etzioni who, in his *Theory of Compliance*, referred to the existence of ‘relationship gearing’ with respect to more effective influencing. According to Etzioni the chance of exerting influence successfully increases as the extent to which the perspectives of the actor attempting to exert influence and those of the actor being influenced – the target – match each other. Etzioni developed his theory to explain the differences in the involvement of lower participants in the style used by the elite or representatives to exert influence within various organisations. Table 3 substantiates this (Mascini 1999, p. 109).

Style of influence	Types of involvement *		
	Alienating (negative)	Calculating (neutral)	Moral (positive)
Coercion	1	2	3
Exchange	4	5	6
Consultation	7	8	9

* The involvement of the entrepreneur.

Source: Etzioni, A Comparative Analysis of Complex Organizations, 1961, p. 12 (Mascini 1999, p. 111).

Table 3: Etzioni’s typology of tuning relations

In this context, entrepreneurs should be seen as ‘lower participants’ and the representatives of the enforcement institutions as ‘representatives’. The core of Etzioni’s theory is that the influence will be more effective as the form of involvement from, in our case, entrepreneurs is more in tune with the way in which the inspectors attempt to exert influence. Numbers 1, 5 and 9 are congruent numbers (Mascini 1999, p. 111).

Socially responsible undertaking

More recently, there have been signs that large businesses are looking for a renewed situation in relation to the public domain. The Netherlands Social Economic Council’s (SER) advice on socially responsible undertaking issued in 2000 is a good example. In the Council’s vision on socially responsible undertaking, the business is central and not

government policy. Emphasis is then on the fact that doing business is considered a social activity. Also of importance is the fact that the council will make no sharp distinction between those business activities that are compulsory by law and the other activities. “This distinction ignores the fact that an important impetus behind social undertaking is the compliance by all parts of the business with legal obligations (such as the prevention of fraud and ensuring safety). There is no discussion possible about the question as to whether businesses have to comply with existing regulations.” The SER is, however, of the opinion “that social undertaking is primarily the result of the (horizontal) relationships which the business builds with its social environment and the (added) values ensuing from these (...). Social undertaking is a type of tailor-made operation which is linked to the enterprise’s own core business and to specific environmental factors. Legislation, therefore, is not an adequate instrument and can, indeed, be counter-productive because the imposition of more legal obligations could reduce the space – and with it the willingness – for the enterprise to experience its own responsibility and to realise this” (Sociaal Economische Raad 2000, pp. 12–13, 51).

4 Governmental steering

Introduction

The task and responsibility of achieving public goals within the private sphere has been assigned to the government. Given the context of this paper the private sphere is restricted to business. What steering models does the government have at its disposal and to what extent do these take sufficient account of the characteristics of businesses? Does the government deal with the explosive growth in public goals, the consequence of the development of the social constitutional state? What specific policy instruments are available to the government – given the steering model chosen – to enable it to influence the behaviour of businesses effectively?

Rationales of government policy

In addition to the central position of the connection to the system characteristics of businesses there are also what Snellen has named ‘the rationales’ of government policy. These are the political, legal, economic, technical and social rationales. The core of the matter is that the government must continuously keep the balance between these four during the policy process. The problem is – as long as this is viewed one-dimensionally – that each rationale independently seems to offer sufficient arguments for decision-making concerning adequate regulation. “These rationales displace each other and sometimes even try to eliminate each other. The various spheres of existence seem to have liberated themselves from the others.” (Snellen 1987, pp. 3–5)

Political rationale demands decision-making about which private problems require a public approach. This question cannot be answered without taking into account the other three types of rationales. The legal rationale requires that the government – based on the political rationale selection – is able to safeguard public goals. Business and citizens, of course, have to be able to rely on the law. This trust also involves the supervi-

sion and enforcement of the regulations in question. The (im)possibility of imposing transfer of information obligations on businesses can also influence decision-making. The economic rationale compels the government to make choices from the scarce means in the public sphere. Finally, the technical and social scientific rationales demand that what is wanted is also achievable in practice. First and foremost the public goal has to be feasible with the technology available at the time. The social-scientific rationale applies to knowledge and experience concerning the type of behaviour and the possibility of intervention in various sectors of society. This final item fits in well with the system characteristics of business.

Classical steering models

Given the stated rationales of the government policy, the government will have to choose its instruments – and this also applies to the extent and the way in which obligations are imposed – carefully to achieve its public goals with the co-operation of businesses. When choosing the instruments the main question must be how can the behaviour of businesses be steered in the direction required to realise public goals?

The government has three classic steering models available to steer regulations: the communicative, the legal and the economic model (Van der Doelen 1993, pp.17–31). These three steering models have in common that, by using them the government endeavours to achieve as great as possible compliance with legislation and regulation by businesses.

When using the communicative model the government attempts, by providing information and transfer knowledge about the behaviour of the actors in businesses, to steer this behaviour in the required direction. Businesses are free, if they so wish, to pay attention by showing the required behaviour. There are no sanctions or rewards for businesses for showing the desired behaviour or not. There could, however, be another form of social control such as positive or negative publicity. In fact, the communicative model relies on trust in the German ‘Enlightened Thinking’ in the human ratio. The communicative model is suitable for steering legislation and regulation for public goals, which have a high quality of morality. The communicative steering model, however, is not suitable for imposing transfer of information obligations.

When the economic steering model is selected the government primarily uses financial incentives to encourage businesses to comply with the relevant regulations. People, working in businesses, are addressed primarily as ‘homo economicus’ in the sense of Bentham’s utilitarianism. Here again the government does not put pressure on businesses. The business is free to choose whether to show the required behaviour or not. The major difference between this model and the communicative model is that, in this case showing the desired behaviour is rewarded, often through subsidies, and not exhibiting the desired behaviour is punished, usually in the form of a levy. Compliance – or not – with the regulations is no longer based on moral standards but much more on usefulness. Which behaviour yields the most benefit? The receipt of subsidies or payment of levies is always accompanied by transfer of information obligations.

Finally, the legal steering model is primarily coercive in nature. It involves command and control regulations. This is the oldest steering model and goes back to the time of

ancient Rome and Greece. Non-compliance with the regulations by businesses is usually punishable by sanctions. Whether or not these sanctions are actually imposed depends on the type of legislation chosen. The legal steering model also involves many transfers of information obligations for businesses.

The communicative steering model fits less well into the reference framework and the values of the SASF business. Apart from the signal indicating a more socially responsible entrepreneurship, it is still more the economic steering model that appeals to the value system of businesses. The economic steering model does, however, carry with it the risk that when complying with the regulations businesses will allow the maximum usefulness for their own business to prevail over the content obligation as desired by society. Such behaviour could lead to the incorrect use of subsidies. The legal model, finally, seems to be quite rigid and – in comparison with other steering models – takes little account of the specific situations within business or in the environment of the businesses.

Against the background of the upcoming social constitutional state with its explosive increase in regulations, the existence of an ‘administrative spiral’ is becoming increasingly clear. This spiral consists of two processes, which reinforce each other: the decreasing effectiveness of legislation and consequently increasing policy administration (in ‘t Veld 1982, pp. 13–14). Citizens and businesses have an almost natural tendency to prevent or divert policy burdens. In the course of time they learn to withdraw from the regulations (reflexive behaviour of calculating citizens), which undermines the purpose of the policy. Van Vugt calls this the law of decreasing effectiveness. Policy makers usually react by making more detailed rules and additional regulations: this is the law of policy accumulation. Based on new learning experience the governed citizens – at least if they are clever – will find new ways to ‘escape’ and again, this will lead to new regulations. Eventually the legislation instruments could sink under their own weight (Van Vugt 1994, pp. 79–80).

More horizontal relationship between government and businesses

In the relationship with businesses government actions have, for a long time, been one-sided and coercive. The legal steering model, and also elements of the economic model – for example levies – ruled. Such a one-sided relationship is called a vertical relationship. With the rise of the social constitutional state and the inherent explosive increase of public goals and the accompanying modifying regulations, the government was compelled to an increasing degree – using the communicative steering model and subsidies as element of the economic model – to appeal to the willingness of businesses to comply with legislation and regulation so that, together, they could achieve public goals. The disappointing results and the high costs of a command and control type of legal enforcement by the government have become more and more evident recently. Therefore, alternatives have been sought, such as the shift from criminal to administrative enforcement. A movement for more private law enforcement also started. Liability for damage or loss is the most important private law enforcement instrument. As a consequence of these developments the relationship between the government and

businesses has become more horizontal and the government, in general, has lost some power to businesses.

Coercive measure such as *do's and don'ts* and also levies and propaganda are part of a vertical relationship. The desired behaviour is achieved by coercion i.e. the undesired behaviour is forbidden or punished. A horizontal relationship is characterised by stimulating measures. These stimulating measures invite businesses to show the desired behaviour and not to use undesirable behaviour. The legal and economic steering models – which fit within a vertical relationship between government and business – are also considered to be rational regulation models. These models fit into – what Van de Donk calls – the schematic approach to the policy process. The schematic approach originates from the economic approach to (social) decision-making, inspired mainly by the opinion founded in Enlightened Thinking (of the Scots – Smith and Bentham) of the human capability to (physically) scientifically control the world. A vertical relationship between government and businesses, therefore, assumes a utilitarian policy-maker, who as homo economicus determines his choice only after he has complete information about all the alternatives (Van de Donk 1997, pp.73–84).

Towards new steering relationships

The fact that policy processes in general do not run according to the ideal intention and that they are not deterministic was known at the end of the sixties from various empirical studies of policy making and policy implementation (Van de Donk 1997, p.86). The WRR (Netherlands Scientific Council for Government Policy) also gave clear legitimacy to a new steering paradigm: “attempting to limit all activities through the rules of public law will, in time, affect the basic principle of the present social system i.e. the freedom to act providing this is not forbidden, and turns this around to read: prohibiting action unless this is approved by the government from the environmental point of view.” (WRR 1992, p.57).

The ‘failure’ of the schematic approach has resulted in policy processes being re-designed and the relationship between the government and businesses becoming more horizontal. The communicative model, also called call planned institutionalising, was paid more attention. Planned institutionalising is characterised by the setting of standards with the goal to internalize standards. The accent, therefore, shifts from the Scottish (Smith, Bentham) to the German (Kant) Enlightened Thinking. Understanding increases for the fact that effective steering from the government requires inter-active policy. And Van de Donk describes this as ‘policy as an arena’. While the schematic approach consisted of ‘inventing pictures’ the arena approach can be described as ‘policy as inter-action’ (Van de Donk 1997, p.73 and 86). Determinism is replaced by contingency. The arena model aims at the greatest possible usefulness by several parties. Essential in the arena approach is weighing up the interests of all the parties involved. The arena offers this space to both governing bodies and businesses, which, in turn, creates space for self-regulation. If necessary government rules will offer a framework and the eventual self-regulation can be monitored by a quality test made later. This is called legally structured and standardised self-regulation

Self-regulation and the stimulation of behaviour in compliance with the regulations – in order to achieve public goals – may not be voluntary. This means that at all times, in some way or other, the government must be informed of the extent to which businesses comply with the rules of behaviour linked to the relevant public goals. It is, of course, feasible that the nature and character of this transfer of information obligation could change e.g. less frequent or no longer directly to the government but to other institutions recognised by the government. The punitive element – or the threat of such – remains. If necessary business must be compelled to take self-regulation and consultation seriously. If government enforcers are not able – because of conflict of interests – or organisations use self-regulation merely as window dressing then the Public Prosecutor, as independent enforcer, should impose punishment. In other words, self-regulation always takes place ‘under the shadow of (criminal) law’ (Huisman 1994, pp. 36–37).

The government stimulates such developments towards self-regulation. Self-regulation is also stimulated in fields such as environment, labour and safety and the monitoring of financial transactions. Instruments of self-regulation include codes of behaviour, covenants, certification, internal business environmental systems, labour and/or quality assurance system, environmental and forensic auditing, appointing ‘compliance officers’. The idea behind self-regulation is that compliance with regulations is better if it is in accordance with the internal standards and conditions of the social field in which these regulations should apply (Moore 1973).

5 Conclusion

As the government has to safeguard public goals, self-regulation will always take place ‘under the shadow of criminal law’. The government always remains responsible for the public goal with which it is entrusted and, therefore, always needs to be informed about compliance with the content obligations involved. Therefore, even with self-regulation the imposition of some direct or indirect form of transfer of information obligations on businesses will be inevitable. Table 4 contains a synthesis and also shows the legal means used by the government for each combination of steering model and legal means.

Steering model	Horizontal relationship	Vertical relationship
Communicative	Information	Propaganda
Economic	Subsidy	Levy
Legal	Agreement	Command, ban
Arena*	Covenant, Collective Labour Agreement	-

* Addition AN.

Source: Van der Doelen 1993, p. 21.

Table 4: Steering models and examples of specific legal means in the relationship government-businesses

The arena model has been added to the three classical models. Each model is combined with the way in which the government shapes its relationship with businesses, stimu-

lating or repressive. Stimulating means fit into a horizontal relationship. Repressive means are found when there is a vertical relationship with the government.

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Sog und Druck zur internationalen Kooperation in der Lehre und Forschung über KMU

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1 Problemstellung

Internationale Kooperation in der akademischen Lehre und Forschung besteht seit langer Zeit und in vielen Formen. Dennoch ergeben sich für die beteiligten Institutionen im Verlauf der wirtschaftlichen Integration, der schnelleren Innovationen und der Schwankungen des wirtschaftlichen Wachstums neue Probleme. Das gilt im besonderen für Ausbildungs- und Forschungsinstitutionen, deren Absolventen bzw. Forschungsergebnisse in konjunktur reagiblen Wirtschaftszweigen eingesetzt werden sollen. Daher sind Universitäten und Forschungsinstitute bestrebt, mit verschiedenen Wirtschaftszweigen und mit Hochschulen und Forschungsinstituten des In- und Auslands zusammenzuarbeiten. Dabei sind sie einerseits einem „Sog“, andererseits einem „Druck“ zur Kooperation ausgesetzt.

Der folgende Beitrag stellt dar, welche Merkmale die internationale Kooperation in der Lehre und Forschung über KMU kennzeichnen, welche Richtungen der Forschung über KMU erkennbar sind und in welcher Weise Sog und Druck zur internationalen Kooperation in der akademischen Lehre und Forschung wirksam werden.

Der Beitrag umfasst die Zeit von der Gründung der „Rencontres de St-Gall“ (1948) bis zur Jahrhundertwende (2000). Er nimmt Bezug auf Angaben von Konferenzteilnehmern, die über viele Jahre in den Rencontres de St-Gall mitgearbeitet haben. Die Ergebnisse einer Umfrage vom Januar 2002 liegen den Aussagen über Forschungsrichtungen und Lehre der Konferenzteilnehmer zugrunde. Insoweit wird zugleich ein Beitrag zur Dogmengeschichte der Rencontres de St-Gall angestrebt.

2 Wirtschaftliche Entwicklung und internationale Kooperation in Lehre und Forschung

Für die Entwicklung der internationalen Kooperation in Lehre und Forschung können unterschiedliche Hypothesen relevant sein:

- Je geringer die Wachstumsraten des Bruttosozialprodukts sind, desto stärker ist die internationale Kooperation in Lehre und Forschung ausgeprägt (Hypothese der anti-zyklischen Reaktion).
- Je grösser die Wachstumsraten des Bruttosozialprodukts sind, desto mehr Institutionen kooperieren international in der Lehre und Forschung (Wachstumshypothese).
- Je weiter die wirtschaftliche Integration entwickelt wird, desto intensiver ist die internationale Kooperation in Lehre und Forschung (Integrationshypothese).

- Die Kooperation ergibt sich aufgrund persönlicher Kontakte, fachlicher Verbundenheit der Hochschulen und integrationsfördernder politischer Rahmenbedingungen (Institutionsökonomische Hypothese).

Die empirischen Daten der makroökonomischen Indikatoren stützen die Hypothese der antizyklischen Reaktion, im besonderen für Deutschland. Dort sanken die Wachstumsraten des realen Bruttosozialprodukts in Rezessionsjahren und zur Zeit der ausenwirtschaftlich bedingten Strukturkrisen. In diesen Jahren wurden die internationalen Aktivitäten der Hochschulen und Forschungsinstitute indessen erweitert. Darauf deuten auch die Teilnehmerzahlen der *Rencontres de St-Gall* hin.

3 Die *Rencontres de St-Gall* als internationale Kooperation in der Lehre und Forschung über KMU

Die *Rencontres de St-Gall* entstanden nach dem Zweiten Weltkrieg, als Europa noch weitgehend zerstört war und sich in der Wiederaufbauphase befand. Sie wurden – wie frühere und spätere Gründungen von Vereinigungen der akademischen Forschung und Lehre – als „Kinder der Not“ geschaffen. Erst in den nachfolgenden Jahren entwickelten sie sich zu bedeutenden Institutionen der internationalen Forschungskooperation.

Als zweites Merkmal der internationalen Kooperation in Lehre und Forschung über KMU ist die „Anwendungsorientierung“ hervorzuheben.

Das dritte Merkmal ist die Ausrichtung auf die Zusammenarbeit mit den internationalen Organisationen der Wirtschaft und der Wirtschafts- und Sozialpolitik. Daraus ergeben sich für die akademische Forschung und Lehre über KMU-spezifische anwendungsorientierte Aufgaben und Gestaltungsmöglichkeiten.

Am Beispiel der *Rencontres de St-Gall* wird zugleich deutlich, dass die internationale Kooperation in der akademischen Lehre und Forschung sich in verschiedenen Phasen entwickelt hat und dass unterschiedliche Forschungsrichtungen und Veränderungen des Aufgabenspektrums der beteiligten Institutionen erkennbar sind. Die Entwicklung der *Rencontres de St-Gall* vollzog sich nach der Gründung in einer Ausbau-, Konsolidierungs-, Reorganisations-, Wachstums- und Internationalisierungsphase. Für die langfristige Entwicklung des verantwortlichen Instituts waren die Phasen der Reorganisation und Internationalisierung entscheidend.

Die Richtungen der Forschung über KMU betreffen vor allem den Individualismus und die Marktökonomik. In einigen europäischen Ländern, überwiegend in Österreich, ist auch der Einfluss des Universalismus (wieder) feststellbar. Dagegen ist der Strukturalismus – ausserhalb Frankreichs – nur wenig spürbar. Dem Interventionismus sind weitgehend Absagen erteilt worden, obwohl wirtschaftslenkende Massnahmen mit schützenden Wirkungen in vielen Ländern gefordert wurden. Positiv wurden vor allem Massnahmen der angebotsorientierten Wirtschaftspolitik beurteilt. Die Forschungsrichtungen, die sich unter dem Einfluss der wirtschaftlichen Integration, der neuen Technologien und der Schwankungen des wirtschaftlichen Wachstums in der international kooperierenden KMU-Forschung ergeben haben, können wie folgt gekennzeichnet werden:

- An der „freien Marktwirtschaft“ ausgerichtete (neoklassische) KMU-Forschung

- Auf den „Interventionismus“ bezogene KMU-Forschung
- An makroökonomischen Modellen orientierte KMU-Forschung
- Mikroökonomisch/betriebswirtschaftlich begründete KMU-Forschung
- Institutionalistische/institutionenökonomische KMU-Forschung
- Ganzheitlich ausgerichtete KMU-Forschung.

Auf lange Sicht hat sich die KMU-Forschung von der statischen zur entwicklungsorientierten, dynamischen KMU-Forschung entwickelt. Darauf beruhen auch die Veranstaltungen der akademischen Lehre über die Entwicklung der KMU.

Entsprechende Veränderungen zeichnen sich bei den Aufgabenschwerpunkten der akademischen Lehre und Forschung über KMU ab. Sie betreffen vor allem die Erweiterung und Internationalisierung der Fortbildung und Beratung, die Kooperation bei supranationalen Untersuchungen und die Anwendung neuer Analyse- und Datenverarbeitungsmethoden im internationalen Forschungsverbund. Daraus ergibt sich ein neues Strukturbild der internationalen kooperativen KMU-Forschung. Es umfasst folgende Komponenten: Unternehmer- und Unternehmungsentwicklung, Ausbildung und Fortbildung, Kapitalbildung und Finanzierung, Forschung und Entwicklung, Absatzwirtschaft und Marktentwicklung, Umfeldanalysen und Umweltpolitik. Diesem Strukturbild können auch die Forschungsarbeiten und Veröffentlichungen langjähriger Teilnehmer der Rencontres de St-Gall zugeordnet werden.

4 Dogmengeschichtliche Aspekte der Rencontres de St-Gall

Internationale Kooperation in der akademischen Forschung und Lehre bietet die Möglichkeit, unterschiedliche Konzepte wissenschaftlicher Arbeit zur Diskussion zusammenzuführen und dadurch die Produktivität der Forschung und Lehre zu erhöhen. Dabei muss ein gemeinsames Ziel von den Beteiligten anerkannt werden. Es muss ihnen jedoch überlassen bleiben, die konkreten Forschungsprojekte und -methoden zu wählen. Diese Voraussetzungen gelten auch für die Rencontres de St-Gall. Der Rückblick zeigt, dass sie dogmengeschichtliche Aspekte in drei Formen aufweisen:

1. Die Konferenzteilnehmer sind überwiegend Hochschullehrer und Autoren; viele stehen daher wissenschaftsgeschichtlich „auf den Schultern“ ihrer akademischen Lehrer, früherer Autoren oder wissenschaftlicher „Schulen“, andere haben sich davon getrennt, um neue Wege der akademischen Forschung und Lehre zu gehen.
2. Die Aufgabenschwerpunkte der kooperierenden Wissenschaftler sind verschieden und haben sich im Zeitablauf z. T deutlich verändert; darin können sich dogmenhistorisch relevante Wandlungen der Forschungsansätze und Lehrmeinungen ausdrücken.
3. Die Untersuchungsmethoden der beteiligten Wissenschaftler sind ebenfalls verschieden; dadurch wird auf Unterschiede des Wissenschaftsprogramms der Kooperationssteilnehmer hingewiesen.

Die dogmengeschichtlichen Aspekte begünstigen einerseits den wissenschaftlichen Diskurs, andererseits erhöhen sie die Gefahr einer Segmentierung der Diskussion. Darauf weist die Spaltung der ehemaligen politischen Ökonomie in die Volks- und Betriebswirtschaftslehre in den Ländern mit deutscher Sprache hin.

Vor diesem Hintergrund sind die Antworten langjähriger Teilnehmer an den *Rencontres de St-Gall* auf Fragen nach ihrer wissenschaftlichen Herkunft und Forschungsrichtung aufschlussreich. Bereits an wenigen Beispielen der befragten Personen wird deutlich, dass die Konferenzen verschiedene Forschungsansätze und Lehrmeinungen zusammentreffen lassen. Dabei ist von besonderem Interesse, dass nicht die Segmentierung, sondern die gegenseitige Information und Kommunikation sowie die Vereinbarung und Durchführung internationaler Zusammenarbeit bei spezifischen Projekten der Forschung und Lehre über KMU intensiviert oder herbeigeführt werden.

Die Unterschiede der wissenschaftlichen Herkunft der befragten Konferenzteilnehmer geht aus den Angaben über die akademischen Lehrer hervor, die sich für den Bildungsgang und die Lehr- und Forschungstätigkeit der Befragten als besonders wirkungsvoll erwiesen haben. Deutschsprachige Teilnehmer nennen vor allem „Gründerväter“ sowie frühere Teilnehmer der *Rencontres*; ergänzend weisen sie auf andere akademische Lehrer und Forscher ihrer Fachrichtung hin. Dagegen geben Teilnehmer aus den skandinavischen Ländern vorrangig Lehrer ihrer Heimatuniversität an; zum anderen nennen sie Forscher von englischen oder amerikanischen Universitäten und Forschungsinstituten. Soweit niederländische Teilnehmer antworteten, geht der Einfluss auf den Bildungsgang von den akademischen Lehrern niederländischer Universitäten aus, jedoch nicht nur von Professoren der Wirtschaftswissenschaft, sondern auch der Soziologie, Rechts- und Politikwissenschaft. Grosse Aufmerksamkeit sollte auch den südafrikanischen Konferenzteilnehmern zuteil werden. Die Angaben weisen darauf hin, dass ihre einflussreichen Lehrer an europäischen Universitäten, vor allem in den Niederlanden tätig waren und dass diese z.T. ebenfalls zu den *Rencontres*-Teilnehmern zählen. Dadurch wird eine dogmenhistorisch wichtige „Lehrer-Schüler-Pyramide“ nachgewiesen. Berücksichtigt man zusätzlich die „Gründerväter“, wird sogar eine drei Generationen umfassende Pyramide sichtbar. Hierfür können mehrere Beispiele auch aus den europäischen Ländern angeführt werden. Sie begünstigen die Erweiterung der KMU-Forschung über die Wirtschaftswissenschaft hinaus und fördern den über die Konferenzen hinausgehenden Wissenstransfer und Erfahrungsaustausch. Das gilt in gleicher Weise für die Konferenzteilnehmer aus Japan, jedoch mit der Einschränkung, dass ihre akademischen Lehrer ausschliesslich an japanischen Universitäten und Forschungsinstituten tätig waren und dass ihre wissenschaftlichen Kontakte zu ausländischen Lehr- und Forschungseinrichtungen mit KMU-Orientierung erst oder hauptsächlich durch die *Rencontres de St-Gall* zustande kamen. Hervorzuheben ist hierbei der nachhaltige Einfluss der Gründer und späteren Veranstalter dieser Konferenzen auf die KMU-Forschung in Japan. Das deutet ebenfalls auf den interkontinentalen und die Entwicklungsphasen der *Rencontres* überdauernden Wissenstransfer und Erfahrungsaustausch hin.

Hinsichtlich der weiteren dogmenhistorischen Aspekte der *Rencontres de St-Gall* ist anzumerken, dass die Veränderungen der Aufgabenschwerpunkte und adäquater Untersuchungsmethoden sich in den Veröffentlichungen der Konferenzteilnehmer abzeichnen. Ein intensiver Vergleich würde die Unterschiede und Schwerpunktänderungen in der Forschung der einzelnen Teilnehmer erkennen lassen. Der vorliegende Beitrag muss jedoch auf einige kurze Hinweise beschränkt werden.

Obwohl auch in der KMU-Forschung in zunehmendem Masse mathematische, ökonomische und spieltheoretische Methoden angewendet werden, kommt den verbalen, qualitativen Darstellungen in der KMU-Forschung eine relativ grössere Bedeutung zu als in der „Mainstream“-Forschung. Die Gründe liegen in dem Untersuchungsobjekt „KMU“.

Vor allem in Österreich ist (sogar) eine zunehmende Beachtung des Universalismus zu beobachten. In Frankreich zeichnet sich eine fortdauernde Orientierung am Strukturalismus ab. Dagegen überwiegt in der Schweiz und in Deutschland die Anwendung der Marktökonomik. Dabei sind einige markante Veränderungen zu beobachten: Während früheren Beiträgen zur KMU-Forschung das neoklassische Modell des vollkommenen Wettbewerbs zugrunde lag, werden in den neuen Forschungsarbeiten unterschiedliche Marktformen und spieltheoretische Konfigurationen von Anbietern und Nachfragern in verschiedenen Entwicklungsphasen und Umweltsituationen analysiert. Neben anderen Ansätzen wird auch der „Konfigurationsansatz“ diskutiert. Die Theorie der Unternehmung wird indessen verstärkt im Rahmen der Management- und Organisationsforschung weiterentwickelt, andererseits in der Entrepreneurship-Forschung. Die vor allem in den skandinavischen Ländern vorangetriebenen soziologischen Forschungsansätze finden angesichts der „Mainstream“-Lehrmeinungen in den europäischen und angelsächsischen Hochschulen vermutlich nur schwer Verbreitung.

Fazit: Die internationale Kooperation in der akademischen Forschung über KMU wurde in den vergangenen fünfzig Jahren im Rahmen der Rencontres de St-Gall von einer statischen, am Modell des vollkommenen Wettbewerbs ausgerichteten zu einer entwicklungsorientierten, dynamischen Forschungskooperation vorangetrieben. Dabei wirkten sich Sog und Druck zur internationalen Kooperation aus.

5 Sog und Druck zur internationalen Kooperation in der Lehre und Forschung über KMU

Ein Sog zur internationalen Kooperation in der Lehre und Forschung über KMU ging in der zweiten Hälfte des 20. Jahrhunderts offenbar von den Schwankungen der wirtschaftlichen Entwicklung aus. Darauf deutet die „antizyklische Reaktion“ der Beteiligung an internationalen Konferenzen hin. Auch die Veränderungen der Schwerpunkte der KMU-Forschung lassen darauf schliessen, dass die Bereitschaft zu internationaler Forschungskooperation von den Konjunkturschwankungen und Veränderungen des Wachstumspfadens der Produktion in den Volkswirtschaften beeinflusst wird. Bei langfristiger Betrachtung entspricht die Entwicklung der internationalen Forschungskooperation indessen der „Wachstumshyothese“; das langfristige Wachstum entfaltet eine Sogkraft auf die internationale Kooperation auch in der Lehre und Forschung über KMU.

Aber nicht allein Sog, sondern auch Druck zu internationaler Kooperation ist zu beobachten. Neue Beiträge über die Entwicklung der KMU in den osteuropäischen Transformationsländern zeigen, dass von der internationalen Kooperation in der Lehre und Forschung über KMU organisatorische und finanzielle Hilfen erwartet werden.

Zugleich hofft man in diesen Ländern auf bessere Entwicklungsmöglichkeiten der KMU und der Kooperation nach Aufnahme in die Europäische Gemeinschaft.

Sog und Druck zur internationalen Forschungsk Kooperation gehen ferner von institutionenökonomischen Impulsen aus. F&E-Programme der EG und OECD können die Durchführung internationaler Konferenzen vorantreiben. Auch neue Formen und Konzepte der internationalen Forschungsk Kooperation werden dadurch gefördert. Dazu liegen einschlägige Veröffentlichungen auch von Teilnehmern der Rencontres de St-Gall vor.

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Social entrepreneurship in Singapore

Wee-Liang Tan and Teck-Meng Tan

Social entrepreneurship is a new phenomenon in Singapore. Unlike the US, where there are entrepreneurship programs offered at various ACCSB accredited universities such programs do not as yet exist in Asia. The motivations for social entrepreneurship in Asia differ from those in developed countries. While as social entrepreneurship often stem from the social agenda of successful entrepreneurs who are motivated to repay society, the recent trend of social entrepreneurship in Asia may stem from initiatives directed at political liberalisation and the development of civil society on the part of existing governments. The Singapore government in 1997 introduced a series of initiatives to promote active citizenry and involvement in community development, thereby encouraging greater opportunity for social entrepreneurship.

This exploratory study examines the development of social entrepreneurship in Singapore with the view of identifying entrepreneurs who have either couple profit with nonprofit goals or find wealth within nonprofit goals in the light of the policy initiatives to create civil society.

Introduction

In the post-capitalist world, entrepreneurship offers a glimmer of hope to counter the accusations levelled at “soul-less” capitalism for only valuing all human activities in business terms. Entrepreneurship offers hope not only because it is the handmaiden of capitalism but also through social entrepreneurship. Social entrepreneurship has been coined to refer enterprises with social goals. Social entrepreneurship offers hope as it suggests that entrepreneurship needs not be solely focussed on the profit motive. Stories of social entrepreneurship can be found outside of the US where the reference was first used in the United Kingdom and other countries in the West.

This paper examines social entrepreneurship in the context of Singapore. It seeks to provide an explanation for this phenomenon from an institutional perspective for the enterprises that have been created may have stemmed from changes in the politico-economic factors because of the deliberate political sharing of responsibility for social needs. Some link these changes to political liberalization in Asia (Tan 2001) but that is not the concern of this paper. Thus changes politico-economic environment may have led to opportunities that couple social and economic goals.

Relevant literature

Social entrepreneurship like entrepreneurship does not have a universally accepted definition. It has been used to identify enterprises that involve civic goals and involve not-for-profit objectives and often involve communities (updated in references Thompson, Alvy, Lees 2000). It is a new field to some but one whose definition has not been universally accepted. At one end of the continuum, it encourages any enterprise with social goals as the primary aims (Wallace 1999). Here the actors could be an individual entrepreneur, a community or a business organization. At the other end, it limits itself to individuals and is asking to philanthropy. At this end, it limits social entrepreneurship to community or civic activities on the part of entrepreneurs who have extended be-

yond their business and are sharing their wealth in civic activities. Neither does it have widespread adoption because there are few enterprises that incorporate or have social goals visibly articulated and operationalized. Even if it is clearly understood, there is a need to understand the conditions that are necessary for this phenomenon to take place as it goes contrary to the grain where accumulation of capital is the universal norm. Entrepreneurship as a field has examined startups. Shane and Venkataraman (2000) argue that entrepreneurship as a field of research should focus on how, by whom and with what effects opportunities to create future goods and services are discovered, evaluated and exploited. From this perspective, the evaluation of opportunities and the motivation for initiating social ventures are of considerable interest.

Yet one need not seek a separate definition for entrepreneurship if one were to add a pre-requisite to existing definitions that what passes for entrepreneurship must add value for society, as Kao (1993) did. Kao defined entrepreneurship as the process of doing something new or different to create wealth and to add value to society. Social entrepreneurship would be subsumed under his definition.

Whatever definition is adopted, there are aspects of this phenomenon that are of interest. What motivates individuals to embark on these enterprises? How do they couple the social goals with the business ones? What circumstances or factors promote social entrepreneurship? These questions have not been explored in Singapore and are highly relevant in the light of the Singapore government's efforts involve citizen participation in community development.

Methodology

The study employs the case study method as the developments in Singapore are recent and began in 1997. It also permits a better understanding of the motivations for embarking on social goals and the extent to which they may be explained by the government initiatives.

The study sought entrepreneurs whose enterprises were involved in social agenda. Four organisations were identified. In addition to the four businesses, the study also involved two CDCs which were the partners for two of the two businesses. Another reason for including them is to examine their role as institutions to encourage social entrepreneurship.

Research setting

Singapore has had a mere three and a half decades of nationhood during which there has been one ruling political party that been responsible for much of the economic as well as community development as part of nation building with much having been directed from the centre. On the entrepreneurship front, there has been great dynamism with government leaders acting as innovators and government-linked enterprises in areas of endeavour that private sector enterprises traditionally would not tread. There has been less reliance on local private sector entrepreneurs in the period after independence (Huff 1994).

In the area of social concerns, there have been charities and foundations established by mutual help groups, religious groups, special interest groups and a number initiated by the government. Singapore's approach to social and community needs was to provide only for the needy who were unable to provide for themselves. Those who were fit and able should work. The government's role was hence, to ensure that there was work for the healthy. On the social services front, the government funded projects and encouraged services to be delivered by a voluntary welfare organization. This generally led to many services being provided where there were government inducements. However, there were other organizations that championed causes not funded by the government; for example, the environment championed by The Nature Society (Singapore).

In 1997, the government embarked on a series of policy initiatives that called for the greater involvement of citizenry in community life. The declared intention was to better cater for the needs of the community. To this end, it was conceived that there should be decentralized responsibility for community needs and localised efforts to meet the social concerns of each community. Community Development Councils (CDC) were established in 1997, initiate, plan and manage programmes to promote community bonding and social cohesion. The difference between this initiative and the pre-existing state is the approach and the intent. In each constituency prior to the formation of the CDCs, there were community centres established by the government entrusted with providing community facilities and activities. They were named by personal responsible to organize activities and had advisory councils. While these centres had the involvement of citizenry their roles were limited to residents councils or as participants in activities. Private sector involvement was as donors and sponsors of activities or development needs. The difference in intent is the involvement in decision-making and partnership.

Over time, the message of greater involvement of the citizens and private sector was succeeded by and a movement to encourage volunteerism that led to the opening of the National Volunteer Centre in 2000. The funding formulae for community projects that spanned all ages and social strata are gradually being adjusted to ensure competitive bids for project funding (Thomas 2002). Another aspect of the environment change is the promulgation of the Singapore 21 vision to chart the path of Singapore for the year 2000 and beyond in 1997. The vision was crafted by five sub-committees comprising eighty-three members who consulted some 6000 Singaporeans over the period of one year. The five tenets of the Singapore 21 vision are:

1. Every Singaporean matters
2. Opportunities for all
3. Strong families
4. The Singaporean heartbeat
5. Active citizens.

The fifth element of the Singapore 21 Report speaks of the intention to involve the citizens and private sector in active decision-making over their local needs. This is to be contrasted with the passive role in the past when initiatives were the purview of an appointed leadership.

Findings

There were a total of six organizations that participated in the study: two CDCs and four organizations. The two CDCs were involved as they are the partners of two of the enterprises. In this section we consider the accounts of the four enterprises that infused social goals in their business activities.

Transnational Recycling Industries Pt. Ltd. is recycling company (a modern day equivalent of the rag and bone man) specializing in old newspapers, corrugated/ computer/mixed wastepaper, and all paper materials. It embarked on an extension of its business – to gather recyclable materials from households for sale by a recycling company, with part of the profits used for community projects. By encouraging the social perspective, the company hoped to increase the quantity of recyclable materials collected.

It approached the Tanjong Pagar Community Development Council (Tanjong Pagar CDC) to collaborate on a recycling programme in the community. It would provide recycling bags that are distributed by the TPCDC to the residents. Residents had to place newspapers, clothes, aluminium or tin cans and old electrical appliances for recycling, in a bag for collection at their doorstep. Transnational would arrange for the collection on designated days, the sorting, recycling and sale of the materials, contribute a portion of the proceeds from the sale to the Society for the Physically Disabled. As the cost of the materials is zero, and only operational costs are incurred in collecting the materials. Transnational benefits greatly if the quantity of collected material increases. On the part of the Council, it offered a community development project that enabled it to link the residents to meeting the needs of a social group.

The initial response was though poor improved after efforts in educating residents through talks and posters. A portion of the money collected from the recycled items funded community activities, such as block parties and contributed to the increase in resident participation which was 40 per cent of the 150000 households in 2001 (Goh and McCoy 2001). In its two years of involvement with the Tanjong Pagar CDC ending 2001, the company had raised over \$200000 for the Society for the Physically Disabled. Transnational is also carrying out recycling projects in other parts of Singapore.

Banyan Tree Gallery (BTG) is an extension of the social consciousness in the Banyan Tree Holiday Resorts business. Banyan Tree Holiday Resorts (BTHR) developed market luxury boutique resorts, steeped in Asian traditions that are environmentally sensitive. Its Phuket resort was a discussed 400-hectare tin-mining site described in a 1977 United Nations report as being “too severely ravaged” to sustain development. The Banyan Tree team preserved the remaining trees, planted 800 new trees, and transformed the site to include six lagoons stocked with fish, tiger prawns, shrimp and other animals. BTG was founded in 1994 when triangular cushions made by Thai women villagers were incorporated into Banyan Tree Phuket. BTG was set up to promote and market such handicrafts. BTG pays quoted prices upfront, ensuring that the producers of such handicrafts would have the necessary capital to manufacture the goods going against current business practice, and is one way BTG ‘returns’ to society at large.

BTG emphasises quality in the products purchased, and retails these products at their resorts and retail outlets targeted at premium markets. The high markups generated on such sales allow BTG to continue its community aid efforts. According to reports, some women producers earned enough to set up their own factories to increase production, thus creating wealth among the villagers and improving the lives of the villages. Another benefit is BTG minimizes any problems from unhappiness within the local population due to their perception of BTR as 'big business'.

Northern Leaf Communications (NLC) started in mid-1995 as a firm dealing in consumer goods. Soon after, it became a public relations firm specializing in internet design, corporate design, marketing communications and launching of events. Disadvantaged by its small size and needing to penetrate the public relations market, NLC decided to use the charity angle to approach companies and after their first successful work with the Children's Cancer Foundation in 1995. The opportunity to work with the Children's Cancer Foundation came about fortuitously when the business owner was approached by the Foundation to raise funds and generate awareness of the charity's work. With the credits that they gained from managing the project, they were able to pitch for new projects for non-profit organizations drawing upon their knowledge and skills gain through personally serving as Christian volunteers.

At present, their main clients are mainly non-profit organizations with about 20 of them under their wings. Almost all their clients (90 per cent) do not receive any government funding. Hence, they do not have financial resources to organize fund raising projects. NLC offers its clients an attractive proposition coupling their business objective with their clients' social goals. NLC offers its expertise at less than what it would probably have cost to do internally but with the potential of a higher amount raised. NLC organizes everything from the production to the corporate writing at no cost to the charities but being paid from between 20 to 30 per cent of the funds raised. NLC would pay the difference if the operational cost exceeds 30% of the amount raised. The 30% limit is based on a guideline provided by the National Council of Social Services in its *Corporate Community Involvement Resource Guide*. The National Council of Social Services is the national coordinating organization for voluntary welfare organizations that is operates under the auspices of the Ministry of Community Development and Sports. Where the fundraising project is a joint effort with a foreign charity group under government regulations, only 20% of the funds can be disbursed overseas. The remaining 80% will have to stay in Singapore. NLC involves the non-profit organization's staff and volunteers. Using its contacts, NLC approaches companies to invest their liquid funds in their charity projects in exchange for free write-ups and publicity from the media.

The Necessary Stage (TNS) is the fourth organization that was included in the study. It began as a non-profit theatre company that is currently one of the four theatre groups funded partially by the government. It receives some funding under Singapore's framework for development and support for the arts at the same time it has developed its unique dramatic works that address social issues in Singapore. This theatre company has been in existence for a number of years and had among its repertoire original works. One of its audiences is school children, on themes that were educational and

community issue-related. These themes included social issues cast in a light-hearted and yet thought-provoking manner. The interesting development is the partnership between the theatre company and the com and is located in the premises of the Marine Parade Community Centre (MPCC) and collaborates with the Marine Parade Community Development Council (MPCDC) on community projects with the CDC sponsoring some of its productions.

The collaboration between the TNS and the MPCC and the MPCDC came about through the National Arts Council location process. The interview reveals an instance where the theatre group is able to achieve its commercial artistic goals through community development activities. Part of this unique symbiotic relationship arose from the involvement of the TNS executive director in various networks. This is also possible because TNS had over the years developed one theme in its productions that focused on social issues and education in schools. Its application to locate at the MPCC coincided with the growth and development of community projects by both the MPCC and the MPCDC.

Discussion

Combining Social with Business Goals

In the four business organizations included in the study, NCC has its business model based upon the social agenda as a service provider to non-profit organizations. The three others had coupled the social enterprise element to their existing businesses. Transnational was already in the recycling business and found a way to extend its business, which provided them with the recyclable material free upfront and only in a sense “paying” for the materials subsequently in the contribution to the SPD BTG is an extension of the resort business. It in a way mirrors what Ben & Jerry’s Ice Cream has as its social goal to seek the ingredients in a manner that is environmentally acceptable and aid the producers. It is a business enterprise seeking to carry out its operations in an ethical manner.

The accounts reveal the possible ways in which enterprises can add value to society. It requires the entrepreneur to seek the opportunity, evaluate and see how best to develop a symbiotic relationship between the social and business goals. The cases demonstrate that social entrepreneurs in this aspect behave in the same manner as their business counterparts: they seek out activities that enhance their business agenda as well as the social one. The four business cases suggest a typology of social entrepreneurship below:

- Enterprises solely with purely social purposes – these are charities formed by individuals as new enterprises that are often called social purpose enterprises.
- Enterprises started by charities to be self-financing – the charities may have embarked on a service arm that is directed at those who can afford to pay a minimum sum for their services.
- Enterprises that carry out their businesses in a social directed manner – the BTG case is an example. The enterprises are commercial businesses that seek to fulfill their

commercial agenda in a socially enriching manner through perhaps the sourcing of raw materials from third world countries.

- Enterprises that augment their existing businesses by leveraging on the social agenda that contributes to their bottom lines – the examples here are TNS and Transnational.
- Enterprises whose businesses are centred on the social goals such professional service providers – the case in point is NLC. Other examples could include legal or accounting practices that serve non-profits as their main clients.

Perhaps the difficulty in defining social entrepreneurship lies in the spectrum of activities that may qualify. For all intents and purposes, the enterprises could have varying degrees of combination of social with business goals. At one end are enterprises driven purely by social purposes that could be established by charities or by new interest groups that give rise to new non-profit organisations. The varieties of organisation between the two end point to the degree to which wealth as measured by profit plays in relation to the social goals. When social benefits are in line with corporate objectives, and when concern for social issues can help the bottom line, social enterprises may result when the relationship between the social and business goals are symbiotic and mutually enhancing. Companies would be willing to consider social issues as long as the costs do not dramatically outweigh the benefits.

Institutional factors

Entrepreneurship does not occur in a vacuum. The environment plays a part in entrepreneurship as the institutional theory and resource dependence theory recognize. Institutional theory recognizes the importance of polity and economy as key environmental factors (e.g. Hall 1986), and acknowledges the entrepreneurs' need for sufficient resources to pursue perceived opportunities (DiMaggio 1988). Resource dependence theory (Aldrich, Pfeffer 1976) that features of the environment are critical to launch and survival and that environmental resources must exist for new ventures to arise. What are the factors that would lead to greater social entrepreneurship?

Economic infrastructure, government policies, and availability of financial support (Huisman 1985, Shane, Kolvereid, Westhead 1991), accessibility of suppliers, customers, and markets, labor market characteristics, affordable land, and social networks (Peterson, Roquebert 1993) and support from political, social and business leaders (Krueger, Brazeal 1994) have been identified as key factors for entrepreneurship.

In our study, it would appear that government, social networks and general support from community leaders would play a part in fostering social entrepreneurship in Singapore. The changes effected by the Singapore government have made available resources and factors conducive to the formation of social enterprises. While the changes have been recent, the cases indicate that there may more such social enterprises. The creation of agencies to promote community development with the funding sources, has contributed to the situation, particularly in the area of social capital. Social capital in the form of the networks that the entrepreneurs participate in is a clear factor. The formation of the community development institutions (the CDCs), and access to funding are elements of environmental munificence. These institutions with their mis-

sions spawned networks of charities, interest groups, volunteers and business enterprises. There has also been an active attempt to create social capital in the form of supporting networks, agencies and norms. With the underlying message of the common good in developing the community, the social capital that is being developed is an enabling factor for entrepreneurs seeking to advance social causes or couple social goals with their existing business. The Singapore government has indirectly provided incentives for the creation of social enterprises. With the increased activity in community development a market for services in the nonprofit sector has developed that saw the provision of specialized services akin to outsourcing in for profit enterprise; nonprofit organizations need services that others could best provide, enabling enterprises such as NLC to build a practice around social concerns. The call for active citizenship and activities in local communities enabled TNS to further its artistic goals while at the same time meeting the needs of community leaders for works along the themes they require.

The role of government

It must be noted that unlike the examples of social entrepreneurship in the West where local communities established social enterprises to address local needs neglected by state or city councils, the catalyst for social entrepreneurship in Singapore could to some extent be attributed to the government. This hearkens to the theme of political liberalisation in Asia. The stated intention behind the government changes in Singapore has been a decision to have citizens play a greater role in addressing social and community concerns rather than to have these concerns merely addressed through agencies.

Conclusion

In this exploratory study, we have found that social entrepreneurs, like business entrepreneurs create community-based enterprises when there are opportunities to create wealth and add value to society. Not unlike business entrepreneurs, they are individuals who saw opportunities in the environment and exploited them. Environmental factors such as politico-economic ones promoting community development can lead to business opportunities and subsequent social entrepreneurship. This preliminary study employing qualitative methods show that different conditions arose as a result of the government's policy changes. The efforts to involve active citizenship and the willingness to de-centralize the services to be offered to local communities created opportunities. The actors (whether individuals or organizations) that identified the opportunities were able to see how they could, while achieving their business goals, also benefit society. There are limitations to the study as it has only involved four organizations and does not provide a basis for generalization. Further research is necessary into the motivations and the opportunity identification processes in social entrepreneurship.

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Revision of policies supporting SMEs in Japan

Shigeki Tonooka

Introduction

SMEs in Japan had played a major role for development of Japanese modern economy especially after World War II, and SME policies had supported activities and growth of these SMEs. But Japanese economy reached to a new stage from the so-called catch-up stage, and the environment of SMEs was drastically changed. Thus the ideas and concepts of SME policies were to be revised and reconstructed to new ones.

Under these recognitions, Japanese Government studied and prepared a new scheme of SME policies. The author, as Director-General for SME policy at MITI, was in charge of this preparation; he makes a presentation about this experience.

Shift of SME policies

The Japanese government developed its SME policies under the former SME Basic Law that was enacted in 1963. The general perception of SMEs at the time was that i) they were small in size and large in number, ii) they were old-fashioned and undifferentiated, and iii) small businesses were particularly weak, and thus required special social policies. With such an understanding, conventional SME policies had been basically aimed at rectifying the gaps between SMEs and large enterprises. The core points of the policies were “to remedy disadvantages in business activities” as steps to modernize SMEs by each type of industry. In the past, the focus had been placed on pursuing the scale merit of SMEs while developing uniform modernization policies for each industry.

However, the environment surrounding SMEs has undergone various changes since then, and the conventional idea of SMEs and past policy tools no longer fits the actual situation of SMEs. Such changes include the growth and maturation of the economy, diversification of consumer needs, the IT Revolution, and the progress of globalization. These, along with other factors, have reduced the importance of trying to eliminate the scale gap itself, increased the number of enterprises engaged in diverse businesses within the same industry, encouraged a shift from mass production of standardized products to small-lot production of a variety of products and also increased business opportunities while intensifying competition. We should recognize that, in the present quick-changing economic environment, SMEs are beginning to make the most of their advantages of “mobility and flexibility”. Also, the recent decline of the start-up rate, which has even gone below the closure rate, is provoking concern that it may impede the metabolism and labor absorbing capacity of the economy.

Under these circumstances, the Japanese government has recognized the importance of giving attentive assistance to activities of all kinds of SMEs, from venture businesses

to small enterprises, while encouraging their self-help efforts this time, based on a new concept of SMEs in which the merits of SMEs are positively acknowledged. To this end, the government fundamentally revised and restructured conventional SME policies including the SME Basic Law in the so-called “SMEs Diet” in December 1999.

New key factors in SME policies

One of grounds for the former SME policies was that fruits of economic growth should be distributed to SMEs as well as larger companies. But the long stagnation of economy made this difficult, and SMEs were to be expected as innovators and tractor of Japanese economy.

The new SME Basic Law was drawn up in this respect. It is based on a new philosophy of promoting diverse and vigorous growth and the development of independent SMEs, rather than rectifying the gaps. There are three key factors for SME policies in this law. They are:

1. “Promoting business innovation and new business start-ups” (or, promoting self-sustaining enterprises)
2. “Strengthening the management base of SMEs” (or, enriching business resources) and
3. “Facilitating adaptation to economic and social changes” (or, offering a safety net).

Ideas and measures in detail regarding these factors are as follows.

Promoting business innovation and new business start-ups

The image of SMEs anticipated for the 21st century is “self-sustained professional SMEs”. To realize this, SMEs need to work on new business activities or make business innovation, for instance, the development and sale of new products and services, the use of new production methods or product sales methods, as well as the development and introduction of new business management methods. Since venture businesses are led by managers with much entrepreneurship and can daringly develop knowledge-intensive businesses by taking risks, their activities are expected to revitalize the economy and change the economic structure. However, these enterprises are faced with severe business risks due to their nature of creating new business fields, and they are required to overcome a great number of obstacles before their business goes on track by procuring funds, commercializing technology, securing human resources, innovating business and starting up new businesses. We consider such promotion of the self-help efforts of SMEs one of the most important tasks in future SME policies.

Some new efforts were made in this area.

1. In terms of assistance in fund-raising, new capital markets have started operating in the Japanese financial market, namely, “Mothers” from November 1999 and “Nasdaq Japan” from June 2000. This measure has expanded options for SMEs to raise funds from such capital markets.

2. In addition, a credit guarantee system was introduced for the issue of corporate bonds or privately placed bonds by SMEs, in order to promote development of the bond market available to SMEs.
3. As a measure to support technological development, the whole government will try to provide subsidies for new business development and spend money for research entrusted to SMEs. The target amount for Fiscal Year 2000 was 13 billion yen. The government established an SBIR system, or small business innovation research program system, which offers consistent support up to the commercialization phase.

Strengthening the management base of SMEs

When SMEs implement business activities, they often lack managerial resources due to their small size, and also face difficulty in procuring such resources from outside. Therefore, the government aims to strengthen the management base of SMEs through i) supplementing SMEs' vulnerable managerial resources and ii) improving their business environment. Conventionally, the basic condition for SMEs to develop business activities was to have material managerial resources, or modernized equipment and facilities. However, the government realizes that it is becoming more important to establish an environment in which SMEs can secure non-material managerial resources like business expertise, technologies, information and human resources, by utilizing functions of the private sector. Thus, the government is planning to implement relevant measures to this end.

Some of the new measures in this area:

1. First of all, the Japanese government has established support centers that provide so-called "One-Stop" assistance services in terms of funds and non-material areas like human resources, information and technologies in an attentive manner, to meet the diverse needs of SMEs on each of the national, prefectural and local levels. The support centers integrate and network local public entities and various existing private SME support organizations to offer knowledge and advice on policy measure information, as well as business and technological problems to SMEs in one place, by making the most of the skills and abilities of professionals in the private sector.
2. In the area of human resource development, the government revised the SME Management Consultant system, which merely used to give complementary assistance in public business diagnoses. The system is now positioned as a certifying system for private business consultants with wide-ranging knowledge on SME businesses in general and advanced consultation skills.

Offering a safety net

While SMEs make self-help efforts in their economic activities, they may face an unexpected event for which they cannot be held responsible, such as a sudden change in the trade structure or exchange rate, restrictions in the supply of raw materials, occurrence of a great disaster, or chain-reaction bankruptcy triggered by the fall of a large enterprise. In such cases, a considerable number of SMEs could receive damage to their

business. This policy is intended to facilitate SMEs to adapt to such sudden changes in the environment by implementing emergency relief measures or measures to ease such drastic changes, as a safety net to stabilize or change business.

Measures in this area include long-implemented financial measures against disasters, and measures to prevent chain-reaction bankruptcy. It has to be mentioned that the government has sped up corporate rehabilitation procedures by reviewing the Bankruptcy Law, which was criticized as being difficult to apply to SMEs, and by introducing a new corporate rehabilitation scheme, the Civil Rehabilitation Law. Furthermore, considering the recent frequency of both bankruptcies of large enterprises and major natural disasters in Japan, the government plans to further increase and strengthen safety net measures, especially in the areas of finance and credit guarantee, so that SMEs can deal with such situations more effectively and promptly.

Measures concerning the IT Revolution

Japan's new policies on SMEs have been outlined briefly. Since we are still in the process of restructuring our SME policies under the new SME Basic Law, it is intended to continue the efforts to further expand and strengthen the current support measures.

The relationship between the IT Revolution and SMEs has been a hot topic recently in Japan. To finish some notes on that specific topic are made.

The recent progress of the IT Revolution is generally increasing enterprises' enthusiasm toward investment in computerization, but more than 10% of SMEs have yet to make any investment in computerization, and overall, SMEs have not been eager to make such investments, compared with large enterprises. One of the reasons was the difficulty in generating incentives from the employees' side to autonomously introduce computers in their operations and use them as effective tools, because computerization changes the procedures and system of their operations. Therefore, in order to deal with the future progress of the IT Revolution, it is essential for the managers themselves to take the initiative and acknowledge computers as effective tools and means to attain these objectives, because they are in a position to consider the entire corporate strategy, such as business targets and strategies of the company, restructuring operations to promote such goals, and challenges for new businesses.

With such basic perspective, the Japanese government intends to mainly develop support measures for securing managerial resources including funds, human resources and information infrastructure, based on the managers' standpoint, so as to accelerate introduction of IT that matches the business of individual SMEs. The Japanese Government recently announced "A Policy Package for New Economic Development toward the Rebirth of Japan" in which it adopted a new direction and objective to have about half of SMEs using e-commerce via the Internet by the end of fiscal 2003. We are now preparing further measures to this goal.

Institutions and support programmes for entrepreneurship: A two countries comparison

José M^a Veciana, Marinés Aponte and David Urbano

1 Problem statement and research objectives

1.1 Problem Statement

Since the research by Birch (1979) that brought to light the importance of new firms and SMEs in job creation during the period 1969–1976¹, public administrations of all political ideologies and levels began to establish assistance measures for the creation of new enterprises.

The subject of assistance to business start-ups has also attracted the interest of researchers (Cooper 1982, Vesper 1982, Birley 1986, Westhead 1990, Cromie 1991, Hawkins 1993, White, Reynolds 1996) who have assumed that the use of support mechanisms can have positive effects both on the number of firms created and on the improved survival rate of these firms. It must nevertheless be mentioned that this area of study still remains underdeveloped.

Therefore this study also assumes that assistance policy to business creation has a positive impact on employment generation (Storey 1982, 1988, 1994, Birley 1987, Kirchoff, Phillips 1988, 1992, White, Reynolds 1996), on economic growth (Kent 1982, Sexton 1986, Dubini 1989, Storey 1994, Wennekers, Thurik 1999), and on innovation (Drucker 1984, 1985, Pavitt, Robson, Townsend 1987, Acs, Audretsch 1988) (figure 1).

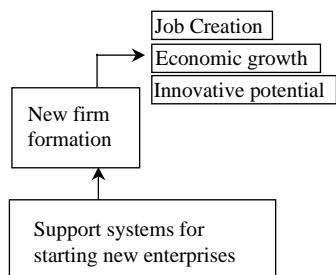


Figure 1: Support systems for starting new firms and its positive repercussion on job creation, economic growth, and innovation

Many authors (Hagen 1968, Wilken 1979, Bruno, Tyebjee 1982, Shapero, Sokol 1982, Gnyawali, Fogel 1994) have proposed that economic development, and therefore creation of new enterprises depends not only on tangible factors (economic) as infrastructure and investment, but also on intangible (socio-cultural) ones. Examples of these intangible factors can be found in the underlying institutional infrastructure, such as

¹ Within this research which was carried-out in the United States, Birch demonstrated that between 1969 and 1976 two thirds of new jobs were created by firms of less than 20 employees.

the prevailing values, social capital, systems of incentives, and the efficiency and effectiveness of public administrations.

Institutional theory seems to have drawn the attention to the institutional or contextual – cultural, social, political and economic – factors as determinants of entrepreneurship. In this sense, institutional theory will be used as theoretical framework of this research due to its adequacy in the study of the formal institutional factors that affect new firm creation in both countries, Catalonia and Puerto Rico.

1.2 Research objectives

The main purpose of this study is to compare the formal institutional context affecting entrepreneurship in two countries Catalonia and Puerto Rico. This research focuses both on the supply side (institutions and support programmes) and on the demand side (entrepreneurs).

The specific objectives are the following:

1. To identify and describe the most relevant institutions and support programmes available to new firms in two countries.
2. To compare the levels of awareness and utilisation of the programmes by Catalan and Puertorican entrepreneurs and their evaluation of these programmes.
3. To analyse the possible gap between the supply and demand of support in order to determine how support for new firms can, and should, be improved in Catalonia and in Puerto Rico.

2 Theoretical framework: The institutional theory

Institutional theory has been the theoretical framework adopted for this research, and more concretely the work entitled “Institutions, Institutional Change and Economic Performance” by Douglass North (1990).

Institutional theory develops a very wide concept of ‘institution’. North (1990, p.3) proposes that “institutions are the rules of the game in a society, or more formally, institutions are the constraints that shape human interaction”. Institutions include any form of constraint that human beings devise to shape human interaction. Institutions can be either formal – such as political rules, economic rules and contracts – or informal – such as codes of conduct, attitudes, values, norms of behaviour, and conventions, or rather the culture of a determined society. North attempts to explain how institutions and institutional context affect economic and social development. The main function of institutions in a society is to reduce uncertainty by establishing a stable structure to human interaction.

Institutional theory has been selected as theoretical framework for this research mainly due to the adequacy of North’s propositions concerning formal institutions to the analysis of the formal institutional context to entrepreneurship in both countries Catalonia and Puerto Rico. According to Veciana institutional theory “currently supplies the most consistent and appropriate conceptual framework to probe the influence of the environmental factors on entrepreneurship” (Veciana 1999, p.25). A good example of this is given in the Sixth Report of the *European Observatory for SMEs* (2000),

that include a section where North's formal and informal institutions were presented as factors conditioning growth and economic development in the distinct European Regions and Countries².

In this research we refer to formal institutions as public policies, institutions offering assistance and available support measures to new enterprise creation in Catalonia.

On the other hand, Veciana (1999, p.26) pointed out that "there are few empirical studies that have used the framework of institutional theory, and only isolated factors have been studied". Anyhow, it should be mentioned that there are presently several doctoral theses being carried out as part of the "European Doctoral Programme in Entrepreneurship and Small Business Management"³ using the institutional theory as theoretical framework.

3 Literature review: Formal institutional factors that affect entrepreneurship

In this literature review the most relevant studies, which describe and analyse the formal institutional context of support measures towards business creation were selected. The selection was limited to those studies that considered the following formal institutional factors:

- a) Governmental measures, both in the generalised field of norms and legislation that regulate the business creation environment, and the more specific field of fiscal incentives and administrative formalities in the creation of a new firm
- b) Non-economic services and assistance programmes for new entrepreneurs in the process of creating a business (information, counselling, training, etc.)
- c) Economic aids and support programmes in the start-up of a new enterprise (loans, subsidies, finance, guarantees, etc.).

Greater attention will be given to the literature treating the support measures (economic and non-economic) and less to aspects related to the legal framework, point (a), affecting new enterprise creation.

Table 1 summarizes the main theoretical studies. The main objectives of these studies and the distinct formal institutional factors analysed are also indicated in this table.

2 It is worth mentioning that many studies are being carried-out in the context of the institutional theory framework, of which the following stand-out: "Attitudes towards entrepreneurship: a two countries comparison" (Veciana, Aponte, Urbano) and "University student's attitudes towards entrepreneurship: a two countries comparison" (Veciana, Aponte, Urbano), papers presented in the RENT XIII (London, November 1999) and in the Entrepreneurship Summit 2000: At the Caribbean (Puerto Rico, January 2000), respectively.

3 The "European Doctoral Programme in Entrepreneurship and Small Business Management" (EDP) is an international doctoral programme specialised in Entrepreneurship and organised by the Universitat Autònoma de Barcelona (Spain) and by Växjö University (Sweden) (<http://selene.uab.es/edp>).

<i>Author / Year</i>	<i>Research objectives</i>	<i>Formal Institutional Factors</i>
Bruno, A. V., Tyebjee, T. T. 1982	Environmental factors that affect business creation	Global support measures
Cooper, C. C., Gimeno, F. J. 1992	General factors that affect business creation	Global support measures
Gartner, W. B. 1985	Environmental factors that affect business creation	Global support measures
Gibb, A., Manu, G. 1990	SMEs support services in third world countries	Design of SMEs support services
Gibb, A. A. 1993	Design of policies and support measures for business creation	Design of business creation support services
Gnyawali, D. R., Fogel, D. S. 1994	Environmental factors that condition business creation	Global support measures
Malecki, E. J. 1997	Environmental factors that affect business creation	Global support measures
Monsted, M. 1993	Business creation support networks	Business creation support network
Salas, V. 1990	Financial instruments of new enterprises	Start-up finance
Shapero, A., Sokol, L. 1982	Socio-economic factors that affect business creation	Global support measures
Smith, F. W. 1994	Venture capital	Venture Capital
Storey, D. 1994	SMEs policies and support mechanisms	Governmental policy management and SMEs support mechanisms
Van de Ven, A. H. 1993	Support infrastructure for technological business creation	Infrastructural design of support for technological business creation
Veciana, J. M. 1988	General factors that affect business creation	Global support measures

Table 1: Selected theoretical studies treating formal institutional factors

As shown in Table 1 most of the selected studies present a revision of the formal factors that influence business creation. The works by Veciana (1988) and by Cooper and Gimeno (1992) present the general factors that can affect the creation of an enterprise. Authors such as Gartner (1985) and Gnyawali & Fogel (1994) make a more in-depth study of environmental factors conditioning start-ups, and come to recommend possible lines of action for governmental policy towards business creation. Other studies have centred on the analysis of the improved administration of institutions supporting new enterprises (Gibb 1993). There are also works that develop specific support measures: business creation support networks (Monsted 1993), financial instrument for new businesses (Salas 1990), venture capital (Smith 1994), and entrepreneurial training (Vesper 1982).

Table 2 summarizes the most relevant empirical research on support measure for business creation. This table includes the objectives of each study, its units of analysis, and the methodology used.

<i>Author / year</i>	<i>Research objectives</i>	<i>Unit of analysis</i>	<i>Methodology used (number of surveys sent / received)</i>	<i>Formal institutional factors analysed</i>	<i>Region, country (collective)</i>
Anna, A. L., Chandler, G. N., Jansen, E., Mero, N. P. 1999	Factors that condition business creation for women entrepreneurs	Women entrepreneurs	Postal surveys (609 / 143)	Global support measure for business creation	Illinois / Utah, USA
Birley, S. 1985	Formal / informal business creation networks	Entrepreneurs	Surveys (703 / 160)	Formal networks	St. Joseph County, Indiana
Birley, S., Cromie, S., Westhead, P. 1994	Factors that condition business creation	Business owners	Surveys (250 / 62)	Governmental policies and global support measures	UK and Northern Ireland
Chrisman, J. J., Hoy, F., Robinson, R. B. 1987	Impact of the SBDC (Small Business Development Centre) upon business creation	Enterprises that have contacted support institutions	Postal surveys (474 / 55; 557 / 80)	Business creation support by SBDC	Georgia and South Carolina
Cooper, A. C. 1985	Role of business incubator in business creation	Business incubators	Secondary sources	Business incubators	USA
Cromie, S., Birley, S. 1994	Efficiency of business creation support institutions	Representatives of institutions	Interviews (64)	Business creation support institutions	Northern Ireland
Good, W. 1996	Business creation support programmes	Enterprises formed within the last 5 years	Postal surveys (4000 / 1130)	Global support measures for business creation	Manitoba, Western Canada
Haskins, G., Gibb, A. 1987	European institutional framework of entre- preneurship	Types of business creation support	Secondary sources	Supply of business creation support measures	Europe
Hawkins, D. I. 1993	Business creation programmes and institutions	Business creation programmes	Secondary sources	Global support measures for business creation	Japan
Johannisson, B. 1988	Business creation support institutions	Business creation support institutions	Secondary sources	Business creation support institutions	Sweden
Klofsten, M., Mikaelson, A. 1996	Level of use of business creation assistance	Entrepreneurs	Postal surveys (99 / 62)	Global support measures for business creation	Linköping, Sweden
Klofsten, M., Schärberg, C. 1998	Supply / demand for SME assistance	SME support institu- tions	Postal surveys (30 / 20)	SME support institutions	Ostergötland, Sweden
Knight, R.M. 1996	Business creation support programmes	Entrepreneurs	Surveys (1379)	Global support measures for business creation	Ontario, Canada
Kourilsky, M. L., Walstad, W. B. 1998	Importance of schooling in business creation	Entrepreneurs with secondary education	Surveys (1000)	Entrepreneurial training	USA
Lerner, M., Haber, S. 2000	Factors conditioning business creation in the tourism industry	Firms from the tourism industry	In-depth interviews (53)	Global support measures for business creation	Israel
Martinez, A., Urbina, O. 1998	Entrepreneurial characteristics, business creation process, and support measures	High technology firms	Surveys (50)	Global support measures for business creation	Aragon, Spain
McMullan, W. E., Gillin, L. M. 1998	Training programmes for business creation	Future entrepreneurs in high-tech firms	Case studies	Entrepreneurial training	Swinburne, Australia
Monroe, S. R., Allen, K. R., Price, C. 1995	Training programmes for business creation	Students of training programmes	Surveys (telephone- postal) (126)	Entrepreneurial training	USA
Sarder, J. H., Ghosh, D., Rosa, P. 1997	Influence of assistance upon business results	Entrepreneurs	Semi-structured interviews (161)	SME support measures	Bangladesh
Vesper 1982	Types of training for business creation	Student of training programmes	Secondary sources / Surveys (66)	Entrepreneurial training	USA
Vesper, K. H., Gartner, W. B. 1997	Characteristic of business creation programmes	Business school directors	Surveys (311)	Entrepreneurial training	USA / Canada
Young, M., Wyman, S. Brenner 1999	Supply / demand ade- quacy of business cre- ation support measures	Entrepreneurs	Postal survey (1000 / 570)	Global support measures for business creation	Texas, USA

Table 2: Selected empirical studies on the formal institutional factors

It can be observed in table 2 that an important part of the selected empirical studies make a general description of the formal institutional factors, analysing the economic as well as the non-economic support measures. There is also vast representativeness, both as regards the geographical distribution and the groups of entrepreneurs that were the object of study. Most of the empirical studies have utilised surveys as data collection tools.

4 Research Methodology

The combination of methodologies called triangulation is used in this study. We combine both quantitative and qualitative methods, as well as primary and secondary data.

For the study of the supply of support programmes, different sources of secondary data were used, such as information pamphlets, institutions' internal statistics and documents, web-sites, press releases as well as specialised journal articles. Also, in the case of Catalonia personal interviews were carried out with responsible agents of the business creation department in the most important institutions.⁴

As for the analysis of the demand for assistance, 60 and 50 structured personal interviews were carried out with current entrepreneurs⁵ from Catalonia and Puerto Rico, respectively. Also, 307 structured telephonic surveys were carried out with nascent entrepreneurs who contacted CIDEM (Centro de Innovación y Desarrollo Empresarial – Centre for Innovation and Business Development) between the years 1997 and 1999, in search of information regarding enterprise creation (see table 3).

The information obtained was analysed using the statistical software package SPSS version 9.0. Univariable analyses (frequencies and percentages) were used as statistical techniques.⁶ As for the opened questions, the information was transcribed to a text file from the word-processing software Word Office-Version 2000, and then grouped by information categories.

4 We are grateful for the collaboration of all the institutions that participated in this study. Specially for the part of research in Catalonia we thank the following individuals: Lluís Rodríguez (Diputació de Barcelona), Joan Martí (CIDEM), Xavier Agulló (Servei Autoempresa), Pep Marquès (Barcelona Activa), Montserrat Borràs (Ayuntamiento de Terrassa), Ricard García (Ayuntamiento de Castellar del Vallès) and Jaume Amill (Aleph). Related to the institutions in Puerto Rico we thank the collaboration of Eduardo Ramos (Small Business Administration).

5 In this research current entrepreneurs are individuals that created their enterprise in the last five years (1994–1998) and nascent entrepreneurs are defined as individuals that are in the process of creating a new firm.

6 We thank the collaboration of our colleagues Prof. Eduardo Jiménez, Prof. Teresa Obis, Prof. Àlex Rialp and Prof. Josep Rialp from the Department of Business Economics of the Universidad Autònoma de Barcelona and Prof. Wilfredo Camacho from University of Puerto Rico, who assisted in the design and statistical analysis of the empirical research. We also thank Begoña Berenguer and Josep Maria Coll for the assistance in the field work in Catalonia and Hilda Nango in Puerto Rico.

	Telephonic survey to Catalan nascent entrepreneurs	Personal interview to Catalan current entrepreneurs	Personal interview to puer-torican current entrepreneurs
Population	Nascent entrepreneurs who contacted CIDEM between the 1997 and 1999 to ask for information regarding business creation.	Firms from the directory "Catalunya 20 000. Principals Empreses Catalanes" (1999 edition, Duns & Bradstreet in collaboration with CIDEM, 20 000 firms) formed between 1994-1998.	Firms from the directory "Business Register-Puerto Rico" (1999 edition, 8 000 firms) between 1994-1998.
Sample unit	Nascent entrepreneurs	Current entrepreneurs	Current entrepreneurs
Geographical setting	Catalonia	Catalonia	Puerto Rico
Census of population	2 452 nascent entrepreneurs	1 352 current entrepreneurs	762 current entrepreneurs
Design of sample	Proportionally stratified random sample. The stratification variable is the number of contacts with the CIDEM per annum.	Proportionally stratified random sample. The stratification variable is the geographic location of the firm (by Catalan county)	Proportionally stratified random sample. The stratification variable is the geographic location of the firm (by Puertorican county)
Sample size	346 nascent entrepreneurs	60 current entrepreneurs	50 current entrepreneurs
Confidence level	Z=95 %, K=1.96, p=q=50 %	Z=95 %, K=1.96, p=q=50 %	Z=95 %, K=1.96, p=q=50 %
Sample error	+/-5.22 %	+/-12.36 %	+/-13.8 %
Date of field work	June to November, 2000	June to November, 2000	June to September, 2000
Information gathering method	Telephonic surveys using a structured questionnaire	Personal interviews using a structured questionnaire	Personal interviews using a structured questionnaire

Table 3: Technical details about the empirical research

5 Results and discussion

5.1 Supply side of support services: The formal institutional context for entrepreneurship in Catalonia and Puerto Rico

The formal institutional context for business creation in both countries Catalonia and Puerto Rico is characterised by its scope. This scope refers both to the high number of institutions involved in start-up assistance and the variety of services and support programmes offered by these institutions. Figures 2 and 3 present the distinctive levels of the institutions offering assistance for business creation in the two countries.

According to the figure 2, the European Union acts as an umbrella that distributes public funds to the Spanish Central Administration and to the Regional and Local Administrations of Catalonia. Funds from European Union also reach several other non-administrative institutions. Finally, nascent entrepreneurs receive start-up assistance, which in the majority of cases comes from the Regional and Local Administrations of Catalonia.

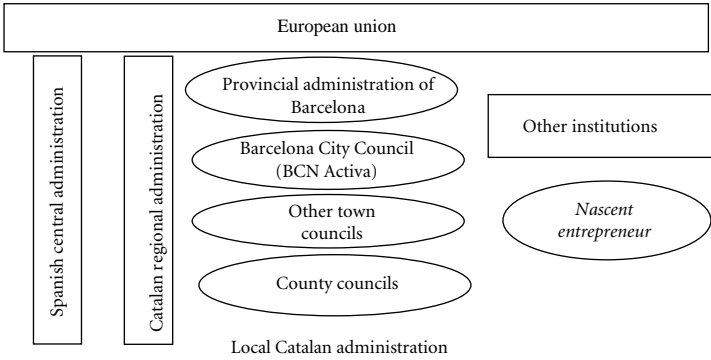


Figure 2: Global institutional context to entrepreneurship in Catalonia

On the other hand, the public support institutions operating in Puerto Rico are classified as Federal⁷, State, and Municipal (see figure 3). The Federal and State institutions have regional offices that assure the availability of the support services for the nascent entrepreneurs of the different municipalities. All three levels of institutions sometimes work together as part of collaboration agreements that in some cases also include private entities.

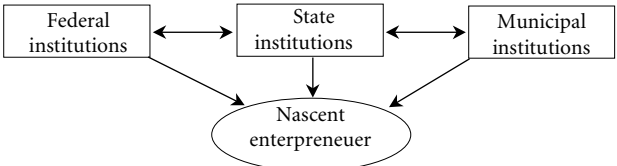


Figure 3: Global institutional context for business creation in Puerto Rico

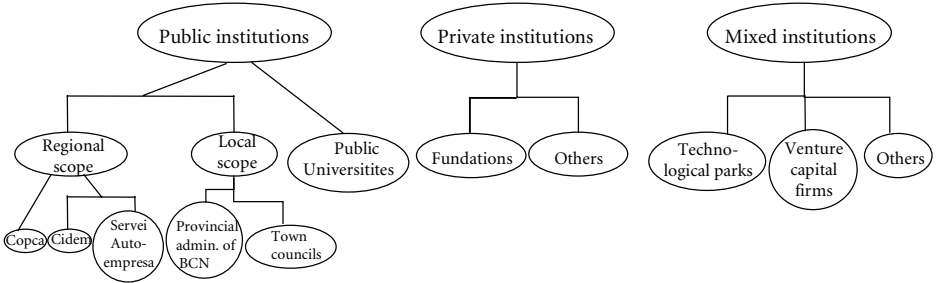
5.1.1 Types of institutions offering support to business start-ups

In this research the institutions that promote and finance assistance measures for new enterprises will be distinguished from those institutions that administrate and offer these services.

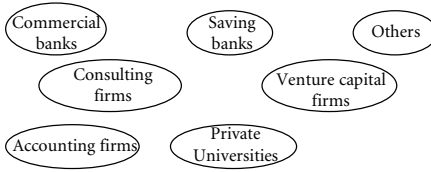
While the formal institutional context in Catalonia is divided into three segments, the Puertorican context is only divided into two. This results from the integration of private institutions with the group of other socio-economic agents also offering business creation assistance (see figures 4 and 5).

⁷ Federal refers to the U.S. Agencies offering services in Puerto Rico.

(a) Institutions offering services that are totally or partially promoted and financed by public administrations



(b) Private institutions that offer services which are not financed by public administration

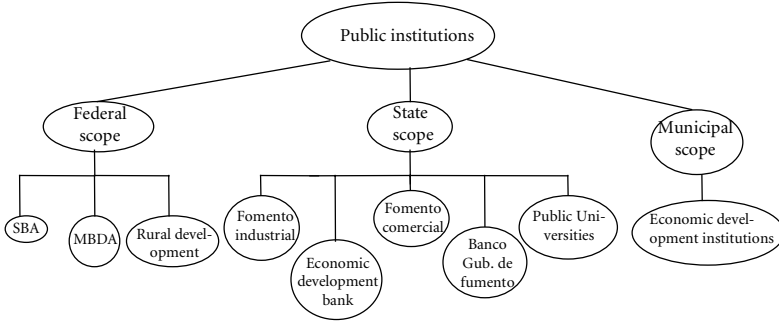


(c) Other socio-economic agents that offer services that are partially financed by public administrations



Figure 4: Formal institutional context to entrepreneurship in Catalonia

(a) Institutions offering services that are totally or partially promoted and financed by public administrations



(b) Private institutions offering services which are not financed by public administrations

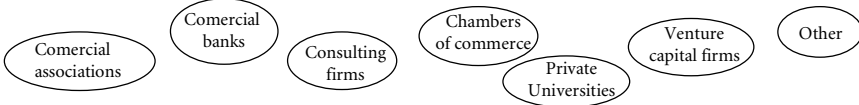


Figure 5: Formal institutional context for business creation in Puerto Rico

5.1.2 Types of support measures to business creation

Regarding the specific support measures offered by the above mentioned institutions, two types of programmes will be considered: economic programmes – “hard measures” (financial loans, subsidies and venture capital) and non-economic programmes – “soft measures” (information-orientation, consulting-counselling, training and incubators’ support) (see figure 6).

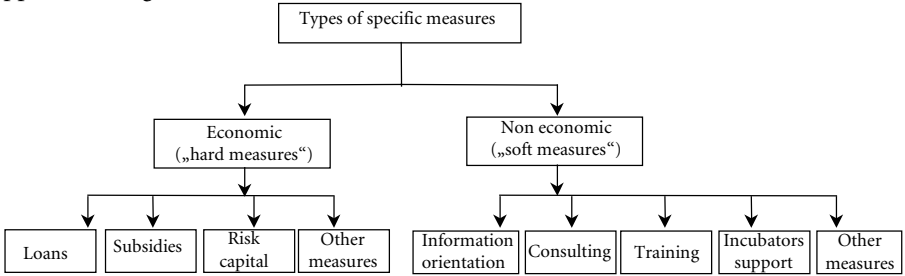


Figure 6: Types of specific support measures to business creation

Although they will not be treated explicitly in this paper, it is worth indicating the existence of general support measures to business creation. These refer basically to governmental norms and regulations that affect business creation that aim at the improving the environment for new firms.

5.2 Demand side of support services

Hereunder the main results of the comparison regarding to the levels of awareness, utilisation and evaluation for support programmes of the Catalan and Puertorican samples of entrepreneurs are presented.

Figure 7 reflects the percentage of entrepreneurs from the samples who are aware of some support programmes for business creation, as well as the percentage of entrepreneurs who have used a programme.

It can be observed that the percentage of Puertorican current entrepreneurs who are aware of at least one assistance programme (90%) is much higher than the one of the samples of Catalan entrepreneurs (60.7% for current entrepreneurs and 74.3% for nascent ones). Nevertheless, the percentage of Catalan nascent entrepreneurs who have made use of the programmes (59.6%) surpasses both the percentage of Catalan and Puertorican current entrepreneurs (20% and 32% respectively).

These results contrast with those of the ENSR survey carried out for the Sixth Report of the *European Observatory for SMEs* (1999) on the knowledge and use made of the support programmes by new entrepreneurs. According to this report only 20% of the entrepreneurs from European Union countries knew of the existence of at least one support programme. Even fewer of these entrepreneurs had actually made use of this assistance (10%).

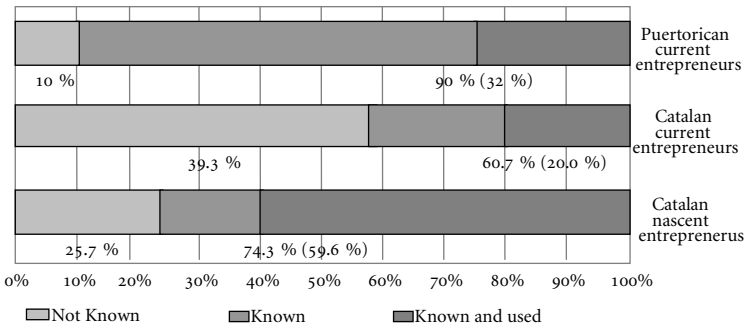


Figure 7: Comparison of the awareness and utilisation of support programmes by the samples of Catalan and Puertorican entrepreneurs

Figures 8 and 9 show the evaluation and importance attributed to business creation assistance by both samples of entrepreneurs. In these graphs the support programmes were divided into economic and non-economic ones.

According to figure 8 more than 50% of the samples of both countries evaluate the non-economic programmes positively. However the Puertorican entrepreneurs show a greater level of dissatisfaction with these type of programmes (42.6% as compared with 26.3% and 24% for the Catalan samples).

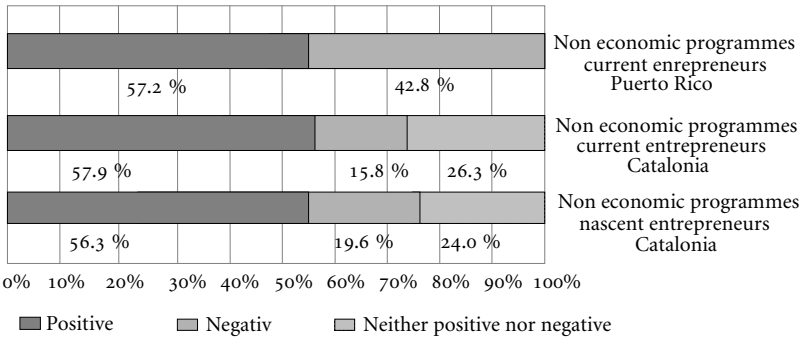


Figure 8: Comparison of the evaluation of the non-economic used programmes, according to the samples of Puertorican and Catalan entrepreneurs

Figure 9 reflects full satisfaction of the Puertorican entrepreneurs with the economic support programmes used. On the other hand, the evaluation for these programmes by the Catalan entrepreneurs is much lower (50% for current entrepreneurs and 20.6% for nascent ones).

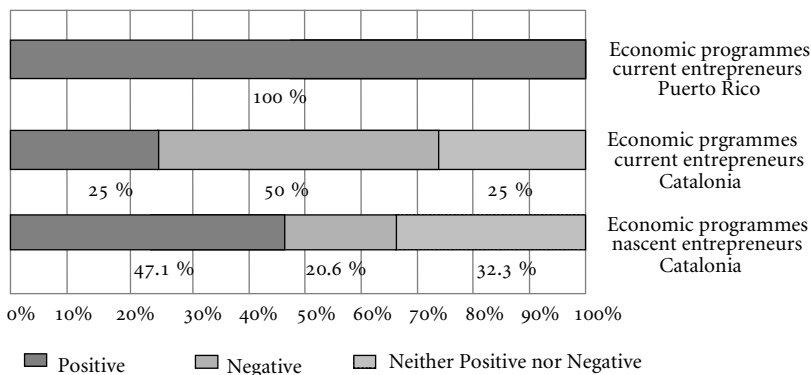


Figure 9: Comparison of the evaluation of the economic used programmes, according to the samples of Puertorican and Catalan entrepreneurs

The above graphs also show that while the Catalan entrepreneurs tend to value more the non-economic measures, the sample of Puertorican entrepreneurs attach far greater value to the economic programmes.

With regard to the overall opinion of the existing support measures, figure 10 reflects that Catalan samples of entrepreneurs share a negative appraisal (58.4% of the current entrepreneurs and 49.3% of the nascent ones feel this way) while the opinions of the Puertorican entrepreneurs are much more positive (81.2%).

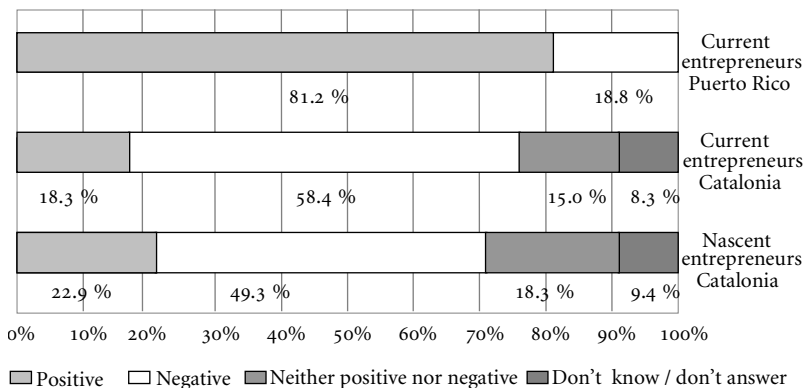


Figure 10: Comparison of the overall opinion of the existing support measures according to the samples of Puertorican and Catalan entrepreneurs

The entrepreneurs from the Catalan samples justify their overall negative evaluation of the existing support programmes by highlighting the insufficiencies and the lack of knowledge of these programmes. The entrepreneurs from the Puertorican sample that have negatively rated the existing support measures (18.8%) refer to their lack of knowledge about the existing measures. Also, they blame the ineffective promotion of the measure that consequently lead to their low levels of utilisation.

6 Conclusions

The main conclusions of the research are as follows:

1. There is an over-diversification of institutions as well as services and programmes offering support to business creation in both Catalonia and Puerto Rico. This diversification and the lack of co-ordination between them leads to the duplication and overlap of the supply of business creation support programmes.
2. The sample of current entrepreneurs from Puerto Rico have the best knowledge of the support programmes offered (90%). On the other hand, the sample of nascent Catalan entrepreneurs made greatest use of these measures (59.6%).
3. According to both Catalan samples of entrepreneurs, non-economic support programmes are more valued than economic ones, but the Puertorican sample values higher the economic assistance programmes.
4. While the Puertorican sample of entrepreneurs holds a globally positive opinion of the existing support measures, a high proportion of the entrepreneurs from the Catalan samples have an opposite view. Catalan entrepreneurs feel that the existing measures do not satisfy well their needs and that these measures are insufficiently known.
5. Consequently, it can be deduced that the services supplied by institutions do not fit the demand for assistance on the part of new entrepreneurs. The public institutions offering support measures in Catalonia are too dependent upon the political cycle, leading to policies, programmes and services that place more emphasis on political interests rather than efficiency and effectiveness.
6. As for the Puertorican case, the institutions are slowed down by the heavy bureaucratic structure involved. Another observed problem stems from the attitude of the staff of many support institutions; their attitude and behaviour often restrain this process creating a demotivation, instead of being a stimulus and motivation factor for the new entrepreneurs.

References

The bibliography of this paper can be found on the Internet:

http://www.igw.unisg.ch/rencontres/veciana_references_2002.html

