

# Crisis as a Challenge and Enabler for Entrepreneurship: Lessons from the Pandemic

*Introductory article by the editor of the special issue*

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The present issue of the journal discusses the new challenges that occurred partly due to the COVID-9 pandemic, but also due to the massive changes that took place over the past decade in entrepreneurial environments in many economies and the respective strategies of entrepreneurs and entrepreneurial communities.

These entrepreneurial communities consist of many different actors including state and non-state support institutions, universities, venture industry, and business angels. These entrepreneurial ecosystems are by definition “glocal”, i.e., they support local enterprises and start-ups in order to promote their growing performance and internationalization. Thus, while they are based on the same general structural principles, the concrete features of them might vary. The first paper by Marta Gancarczyk and Slavomir Konopa, opening the rubric “Strategies”, explores the specifics of different regional entrepreneurial ecosystems in Poland. Their dynamics were investigated over the relatively long period of 2011-2018. The evidence is important, because it shows that there are several systems of governance of regional entrepreneurship ecosystems which were established in diverse Polish regions in order to promote so-called high-growth potential and the authors show that at least two relatively different systems of governance perform well. This evidence is so important because it contradicts the well-known ‘one size fits all’ approach. Not only might regional entrepreneurship ecosystems differ, but also the models of governance should be adjusted for regional/local conditions. Thus, the paper not only contributes to an understanding of the interplay between high-growth potential and the authorities and other actors of the regional entrepreneurship ecosystem, but also specifies respective models of good governance.

Universities belong, at least in developed knowledge-based market economies, to the core of the regional entrepreneurship ecosystem. Their role is especially important in providing different forms of entrepreneurial education. However, under the present conditions, there are plenty of open extra-university initiatives which contribute to entrepreneurship education, primarily online. Should universities compete or cooperate with such initiatives, widening their supply and attracting students and other prospective participants? Pavel Sorokin, Alexander Povalko, and Julia Vyatskaya have found and analyzed 45 such informal educational initiatives in Russia and they stress the prospective role of universities as assessing institutions which could develop and implement a quality control system of learning outcomes as well as conduct the monitoring of the effectiveness of such out-of-university-initiatives. Sure, some doubts can be raised about whether entrepreneurial universities, being by themselves engaged in entrepreneurship education, would become independent and impartial assessors. However, from a strategic point of view, starting a debate on the prospective forms of cooperation between universities and non-university institutions, especially in a context lacking several aspects of entrepreneurial ecosystems, like Russia, seems to be very important.

The COVID-19 pandemic became a ‘black swan’ for many firms and even whole industries, however, after more than a year, not only difficulties and problems have emerged, but also solutions and trends can be analyzed. The papers in the second part of this special issue are about the changes and consequences of them for entrepreneurship in the world. In the reflexive paper by Olga Belousova, Aard Groen, and Steven T. Walsh, there are some key questions under debate. Will the disruptive changes initiated by the pandemic be-

come sustainable, even after the pandemic ends? Can the COVID-19 crisis create an environment that fosters or suppresses entrepreneurial opportunities? The authors explore the main changes in business practices initiated by the pandemic. The most important contribution of this paper seems to be the discussion on the differences and the intertwining of opportunities caused by COVID-19 and the entrepreneurial opportunities created by the main drivers of economic development during the emergence of a long Schumpeterian wave of the so-called Industry 4.0. They point out that, contrary to traditional industry drivers, which usually start to develop in a single industry or in a group of related industries, the COVID-19 crisis has a pan-industrial character. As the pandemic coincided with the emergence of Industry 4.0, it accelerated the adoption of its most important forerunners. Thus, one might consider this a 'big enabler' according to Per Davidsson [Davidsson et al., 2021], widening the field of entrepreneurial opportunities.

Is this really so? The paper by Michael Fritsch, Maria Greve, and Michael Wyrwich provides an up-to-date overview of COVID-19's influence upon the early entrepreneurial landscape in Germany. They show that it affected not only the already existing entrepreneurial firms, but also the start-ups. Analyzing the available statistics of business registrations and business closures, they conclude that while the number of business entries slightly decreased during the first year of the pandemic, the effect was quite different in specific industries. Moreover, the segment of innovative manufacturing and technology-oriented service start-ups experienced even an increase, thus supporting the thesis of the previous paper. The negative effect not so much of the pandemic itself, but rather of state subsidies and the temporary suspension of some criteria enabling insolvency could weaken the German economy, because there were fewer exits in 2020 and a number of 'zombie' firms could survive. In general, according to this paper, the effect of the pandemic was twofold: it supported some ongoing structural changes, but in some sense it also distorted the normal functioning of the economy, but now it is unclear whether this effect will be only temporary.

The paper by Ondřej Dvouletý explores the pandemic's effect upon entrepreneurial activity in the Czech Republic in the short term, one year after its beginning. This article is based on data, which were obtained from the Czech Statistical Office. The results of the related panel regression models and tests comparing the forecasted values of new businesses entries and exits with the actual values obtained after the end of 2020 do not show any significant drop in Czech entrepreneurial activity. Contrary to pessimistic assumptions, Czech entrepreneurial activity even grew compared with the previous year. Sure, the evidence should be interpreted with caution, because some previous trends as well as the generous support of entrepreneurs by the Czech government during the pandemic could distort the

picture. Thus, the author stresses that there is a need to check the long-term effects of the pandemic on the business demography and the structure of the sector especially in such important branches as tourism, hospitality, culture, and sport.

Nevertheless, both papers support the assumption that the impact of COVID-19 on entrepreneurship was manifold, in economies with well-functioning entrepreneurial ecosystems and rapid and sound state responses to the pandemic, entrepreneurship not only experienced shocks but also looked for some new opportunities. This was especially true for innovative new ventures.

However, in some larger economies with imperfect entrepreneurship ecosystems and huge cross-regional disparities in regional gross product, the wellbeing of the population, and the density of entrepreneurial firms, this might differ. Thus, in the paper by Stepan Zemtsov, Alexander Chepurenskiy, and Alexander Mikhailov, the situation of start-ups in Russian regions is observed. The article reveals the trends and factors of the creation of high-tech companies in the regions of Russia in 2013-2020. Contrary to both Germany and the Czech Republic, in 2020 the number of start-ups made up 40% less of the economy than in 2015 (which was a year of acute economic crisis). Most of them are concentrated in Moscow, Moscow region, and St. Petersburg. According to an econometric analysis, start-up activity in Russia depends upon the concentration of human capital, the availability of markets, and a favorable business climate, i.e., the same factors as in established market economies. During the pandemic, start-up activity declined minimally in regions with large agglomerations and a high level of education. It shows the importance of a certain density of human capital and the sustainability of educational and research infrastructure even in countries with lower performing institutions. Although the authors call for some regionalization of policies to support the start-ups and a number of concrete steps to manifest regional clusters with sustainable innovation incubation, the feasibility of such recommendations seems to be low under the pro-centrist structure of power and state funding in Russia.

Meanwhile, the biggest part of entrepreneurial activity in every economy is combined not with start-ups but with the so-called everyday entrepreneurship, i.e., with the businesses established by people who do not aim to achieve ambitious goals, but who nevertheless change the socioeconomic realms in their countries. In some of them, as in Italy, a certain part of entrepreneurial firms are represented by several third sector actors, among them, cooperatives. They were also forced to adapt their strategies to the dramatic changes that took place during the pandemic. The paper by Ermanno Tortia and Roberta Troisi is one of the first attempts in the literature to investigate the adaptive capacities of cooperatives in Italy and is based on a fresh pilot third sector survey in the Marche region (Spring 2021). The empirical results of the survey confirm the rather high

level of resilience of cooperatives, at least compared with other non-profit enterprises, during the pandemic. The authors relate it to the higher involvement of the staff in decision making and the adaptability of the work process to new circumstances. Therefore, in entrepreneurial ecosystems with a significant share of cooperatives, such organizations can play a buffering and anti-cyclical role during sudden crises while filling the supply gaps and even absorbing labor power.

There are some open questions, which the reader may raise after having read the papers presented in this special issue. The first question concerns whether the data obtained by statistical observations do indeed reflect the whole picture of entrepreneurial activity during

the pandemic, including hybrid entrepreneurs and other forms of informal entrepreneurial activity. There are some signs that especially informal entrepreneurial activity has spread during the pandemic, but the nature of it and the expected socioeconomic outcomes have not yet been investigated. Second, the time constraints: we are now still collecting the evidence of the first year of the pandemic, but its prolonged effects upon entrepreneurship are not yet apparent. Third, these effects can be different by country and industry, and depend upon the activity of governments, regional authorities, business associations, other actors, and institutions. Thus, this topic will require another round of exploration in the future.

## References

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