

# Necessity Entrepreneurship and Job Insecurity: The Hidden Face of Entrepreneurship

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## ABSTRACT

*Who would dream of associating the figure of the entrepreneur with poverty and precariousness? Traditionally, society and literature paint a very different picture of the entrepreneur, who embodies such values as risk and initiative-taking, a strong sense of responsibility, action- and result-orientation, and even opportunism, etc. The author argues in this paper that present (and past) measures intended, in the French context, to encourage the creation of new jobs and new ventures by job seekers and/or individuals in precarious situations contributes greatly to the development of some forms of 'forced' entrepreneurship, which may have dramatic consequences for the individuals concerned and society at large. The objective of this paper is to shed some light on these particular forms of entrepreneurship, which are likely to increase in the current context of uncertainty and change.*

*Keywords: Critical Entrepreneurship, Necessity Entrepreneurship, Poverty and Entrepreneurship, Public Policies in Entrepreneurship, "Push" Entrepreneurship, Self-Employment*

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## INTRODUCTION

The figure of the entrepreneur inherited from Schumpeterian thought is a heroic one, and what entrepreneurs do is generally seen as extraordinary, setting them apart from the rest of us mere mortals (Cunningham & Lischeron, 1991). On the other hand, one of the most popular forms of entrepreneurship – new venture creation – is often presented, insistently, by economic thinkers and political leaders as an answer to unemployment, and therefore, to a certain extent, to job insecurity (Rapiau, 2010). We argue in this paper that present (and past)

measures intended to encourage the creation of new jobs and new ventures by job seekers and/or individuals in precarious situations contributes greatly to the development of some forms of 'forced' entrepreneurship, which may have dramatic consequences for the individuals concerned and society at large (Fayolle, 2010). Our objective here is to shed some light on these particular forms of entrepreneurship<sup>2</sup>, which are likely to increase in the current context of uncertainty and change. In what follows, we first situate necessity entrepreneurship in the broader field of entrepreneurship, which itself is undergoing radical change, before presenting the results of our study and going over some implications of our findings.

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**Necessity entrepreneurship:** a good answer to problems of unemployment?

Entrepreneurship is evolving radically from a simplistic vision (new venture creation) towards a more complex and sophisticated concept. As the phenomenon gains prominence, its forms and definitions vary greatly.

**Entrepreneurship:** a shifting phenomenon

Some authors point to the emergence of a knowledge-based entrepreneurial economy (Audretsch & Thurik, 2004), whereas for others, entrepreneurship is a state of mind, a way to think, to approach, and to solve problems. Whatever the level of analysis (individual, organisational, social), entrepreneurship is a topical issue. However, this social and economic phenomenon is highly heterogeneous. The fragmentation of the object results from the variety of forms it can take, but also from the diversity of contexts in which it appears and develops. The Global Entrepreneurship Monitor (GEM) study based on some 40 countries shows, year after year, that levels of entrepreneurial activity vary considerably from one country to another, depending on the economic, political, demographic and geographical contexts (Levie & Autio, 2008). In this (entrepreneurship) competition between nations, France's position is not particularly flattering: its entrepreneurial rate is, more often than not, among the lowest<sup>3</sup>. Yet, our leaders, fully aware of the importance of new venture creation, have been promoting various initiatives and schemes over the last few years in order to incite entrepreneurial behaviour at the individual and organisational level, with the law on innovation and innovative firms, the €1 firm, the '*auto-entrepreneur*' status<sup>4</sup>, etc.. Without it being explicitly expressed in these terms, the incentives and political measures aim at two types of entrepreneurship: necessity<sup>5</sup> and opportunity<sup>6</sup> entrepreneurship, which are at the heart of most economic and social preoccupations in most countries (Fayolle, 2010). These two types of entrepreneurship depend on the aspirations, motivations and external factors that

influence human behaviour (Acs, 2006; Hessels, Gelderen, & Thurik, 2008; Reynolds, Camp, Bygrave, Autio, & Hay, 2001). Opportunity entrepreneurship relates to 'pull' factors, such as greater autonomy, independence, freedom, financial gain, social status, or even recognition (Carter, Gartner, Shaver, & Gatewood, 2003; Kolvereid, 1996; Wilson, Marlino, & Kickul, 2004). By contrast, necessity entrepreneurship results from 'push' factors, such as long-term unemployment, being laid off, or the threat of losing one's job (Thurik, Carree, Stel, & Audretsch, 2008).

**Starting a Firm to Create One's Own Employment: Dream and Reality**

As early as the first oil crisis in the 1970s, Raymond Barre, then France's Prime Minister, put forward the idea that for those who had just lost their jobs, starting their own business was a possible alternative towards finding their way back into employment. It was then, in the mid-1970s, that the first incentives and measures appeared in France. Although the idea – coming from the person who was then considered to be the first French economist – seems interesting, its institutionalisation through political discourse and public infrastructures is questionable. For over thirty years, recurrent incentives and the lasting nature of the various schemes have legitimised the creation of new ventures out of necessity, making the alternative appear both more appealing and possible, because encouraged by the State and public policies. Although entrepreneurship can be seen as a means for job seekers to bounce back and find employment (Brasseur, 2010, p.177), or as a response to fate (Glée, 2010), it is nevertheless important to note that not all unemployed people, or so-called 'outcasts', wish to become entrepreneurs or have the resources (in the broadest sense) to make it as entrepreneurs. It has never been easier for job seekers to start a business<sup>7</sup>, however, maintaining it afloat is far more complicated, as is shown by several recent studies linking firm survival and growth to entrepreneurs' motivations (Ashta & Raimbault, 2009; Caliendo & Kritikos, 2009):

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