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CREATING ENTREPRENEURIAL POLICIES TO RECOMMENDATIONS

ENSPIRE EU document

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Introduction

To create more jobs and build a competitive growing Europe we need more, competitive and growing businesses. In order to make this a reality the European Commission expresses a need to create a more favorable social climate for Entrepreneurship. A climate where people think of becoming an entrepreneur as attractive and where they are encouraged to turn their creativity and ideas into businesses. To create this climate, regional development policies are an important tool.

* As a complement to this please see the document “ENSPIRE EU – Strategic policy framework.”

Economic organizations and governments all across the EU are talking about the need to develop the EU into a strong entrepreneurial economy, since this is the key to Europe’s competitiveness and continued modernization. And although much is being done to create better conditions for entrepreneurs, the key problem seems to be that not many Europeans want to become entrepreneurs in the first place. So there is a need for promoting the entrepreneurial mindset, the very core of entrepreneurship. To help do that, regional development policies can be an important tool.

The overall aim of the ENSPIRE EU project is to inform and improve policy-making on the subject of promoting entrepreneurial mindsets. Consciously crafted policies that make way for successfully designed entrepreneurial mindset activities will lead to more, growing and competitive businesses in Europe. To help create or improve policies on the subject of promoting entrepreneurial mindsets the ENSPIRE EU project has gathered 10 recommendations to consider. The recommendations build on the gathered experience and knowledge produced throughout the ENSPIRE EU project as follows:

The core of the ENSPIRE EU project has been to look at 52 good practice initiatives, for developing the European entrepreneurial mindset, and to finally pick out the best ones which ended up being 14 best practice initiatives. The good and best practice initiatives were used as a basis for new knowledge on the European entrepreneurial mind set and how to affect it and the conclusions are presented in the “ENSPIRE EU Pan European study”.

Within the project partners made some twinning visits. This was an experience exchange program where the partner regions visited each other and exchanged experiences about their initiatives.

The results of the Pan European study, and the experiences from the twinning visits, were then complemented by a workshop and a digital survey. During the workshops the partner regions discussed the knowledge shared between them, as well as gained through the project, and sifted out the main recommendations and strategies for politicians and officials to consider when attempting to improve entrepreneurial mindsets. With the help of a research expert, within the field of entrepreneurship policies, the policy recommendations were then formed into this document and the strategies into the document “ENSPIRE EU – Strategies for entrepreneurial awareness”.

These are the ENSPIRE EU 10 recommendations to consider when creating a policy that promotes the entrepreneurial mindset in a Europe where more Europeans want to start businesses and become entrepreneurs:

Recommendations

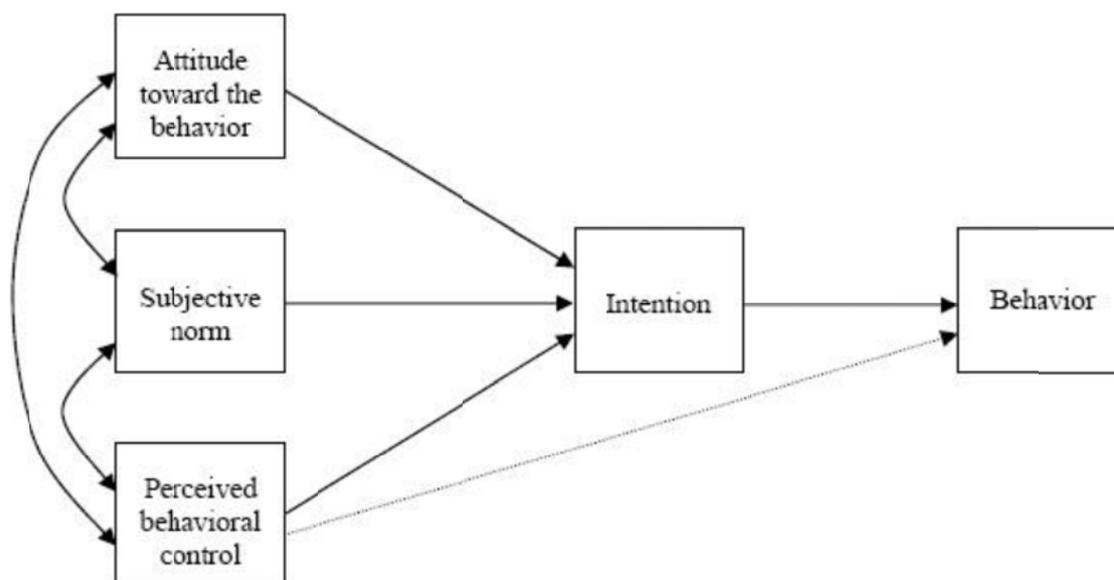
1. Highlight entrepreneurial inspiration as an area of focus

Although policies are often very general it is important not to be too general since that might make it blunt in its direction, giving little indication as to what actually needs to be improved. The policy needs to specify its priorities. In this case it means identifying ‘the entrepreneurial mindset’ or inspiration as an important area to improve and the need for entrepreneurial mindset activities to do so. This takes into account of the many ways to approach entrepreneurship. To reach the policy objectives it needs to target the right problem area. Not lump all into one general concept like for example “entrepreneurship and innovation”. It is important that the terms are clearly defined to make sure the policy is concrete and understandable and to avoid uncertainties.

Overall, words like ‘innovation’ and ‘entrepreneurship’ should be explained and defined since they can mean different things from situation to situation.

2. Outline the factors and activities that improve entrepreneurial inspiration

Entrepreneurship is first and foremost a mindset. This means that people need to be inspired to want to become entrepreneurs, having the motivation and capacity, to identify an opportunity and to pursue it in order to produce new value or economic success. To create this mindset it is important to understand the three psychological triggers explained in the ENSPIRE EU Pan European study and plan for the right type of activities that will improve the entrepreneurial mindset:



Source: ENSPIRE pan European Study 2012

1. Attitudes towards becoming an entrepreneur

This means people's attitudes towards themselves becoming an entrepreneur, and starting a business considering the risks and gains. To improve attitudes you need to raise people's knowledge on how to start a business and what it requires. You also need to make people aware of what resources and opportunities are at hand for starting a business. So when trying to change attitudes it is recommended to teach skills like leadership, cooperation, team work and opportunity seeking as well as networking, social skills and creative problem solving.

This can for example be done through coaching, mentor programs and business networks as well as international exchange for young people, students and teachers, and with communication activities.

Selected as an ENSPIRE EU best practice, the Danish initiative "Ethnic Coach for Ethnic Entrepreneurs" is a good example of how getting a coach from the local business environment can help change the attitude towards becoming an entrepreneur by moving the advisory role away from the family to a professional advisor.

2. Subjective norms

This means the social norms and environment affecting a person. For example what do family and friends think, accept and expect of you? How positive and permitting are the norms? These are factors that have a big impact on the likelihood of people themselves becoming entrepreneurs.

Changing norms is difficult since they are often founded in each person from an early age, much like religion. A recommended method to start this change is to use role models such as for example celebrities or famous athletes that have started their own business and who can speak of the rewards of becoming an entrepreneur and to offer the opportunity to learn from their success. Role models can change people's view on entrepreneurship since they have the trust and respect from people in general and they can also provide invaluable advice drawing from their own successes as well as failure.

Remember that failure is just as important as success. Firstly because it is the truth and there is no gain in sugar coating or hiding the fact that starting your own business can be tough. Secondly, because the fear of failure and the shame of failure is something that limits people. And people need to become more comfortable with risk taking to want to take the leap and start their own business, viewing failure as just a step on the way and a valuable experience gained.

As a part of the ENSPIRE EU twinning visits program the "IDEA Entrepreneurship Centre" is an example of how teaching students the importance of learning from your mistakes and not being afraid of failure is a very important educational step if you want to change the mindset of the next generation of potential entrepreneurs. See the ENSPIRE EU twinning visit report for more information.

3. Perceived behavioral control

Perceived behavioral control regards people's self-confidence and belief in themselves but also the level of knowledge concerning what opportunities and support are available to start a business. To improve perceived behavioral control, an activity that encourages and builds confidence and motivation are recommended. For example mentor programs, personal development courses, role play exercises and activities based on real scenarios aimed at teachers and young students. Communication activities can also be a good reinforcing activity to make people aware of the support and opportunities at hand for starting a business.

3. Outline the specific target groups

ENSPIRE EU is focused on initiatives that encourage those who are Disadvantaged, Disconnected and/or Discouraged in our communities. These target groups are chosen for the overall objective of improving the effectiveness of regional development policies in fostering entrepreneurial mind-sets.

The first group 'Disadvantaged' consists of people without the same opportunities as the average European like ethnic minorities and women. The second group 'Disconnected' consists of people that are disconnected from the labour market like long term unemployed and those with low education. The third group 'Discouraged' consists of young people in secondary level of education not influenced enough by entrepreneurial inspiration. Even though the three groups are very different, they share one important thing: They are susceptible to entrepreneurial inspiration. So there is a market opportunity so to speak, of untapped entrepreneurial potential that can be unlocked by making them aware of their competences and opportunities. This will benefit the regions and the European economy as a whole, which is the overall purpose of ENSPIRE EU.

The same goes for young people and children. In order for Europe to get more and competitive businesses there is also a general need to foster people who actually want to become entrepreneurs. And since young people and children are our potential future entrepreneurs we need to teach them how to use their creativity, trust their ideas and have the self-confidence to try to make business out of them. Preferably entrepreneurial awareness activities target all the educational levels: Primary School (ages 7-11) Secondary School (ages 11-16), College, University and also business- and technical schools.

The ENSPIRE EU twinning visits report reveals that some good example can be drawn from South Denmark and Region Halland, Sweden where you'll find some clear entrepreneurial policies for pupils at secondary school level.

4. Aim to create improvement and opportunity driven entrepreneurs

It should be said that there is no economic gain in just starting any business. The businesses need to be competitive and grow to contribute to a regions economic development, hence the development of EU. That is why it is essential to differentiate between the improvement- and opportunity- driven entrepreneurs and the necessity-driven. The necessity-driven is often an option to unemployment. It is the improvement-opportunity-driven entrepreneurs that are drivers of growth and therefore need to be encouraged and supported.

5. Combine strategic long term measures with effective, short term ones

Ideally, the policy is made into a long term and a short term part. The long term might span over 10 years or longer and clarifies the general need to develop the entrepreneurial mindset. The fact that it is long term offers room for flexibility and allows the needed time to actually make the changes the policy aims at. Changing people's mindsets is a long term challenge and it is one of the main reasons that it needs to be incorporated into policies and not just time limited campaigns and momentary projects.

The short term part is where the general direction is broken down into more detailed, short term priorities, clear measurable goals and activities. This is important because it turns the aims and ambitions of the policy into action. Also to get the policy working for you, you need to get key operators working with the policy on a daily basis. The implementation of the policy is determined on how well it is anchored with those who are expected to implement it, execute the activities or in some way affect the policy's outcome. Key operators might be regions, municipalities, business agencies, educational and science institutions, social services and business support agencies.

A popular version that is easily accessible and promotes the actual usage of the document by operators is recommended. This document should be short, to the point and use a simpler terminology. Avoid abstract official language that will make it hard to work by and increase the difficulties in reaching its goals. The short term part might be reviewed every 3-4 years to be kept current.

6. Use successful initiatives as a source of knowledge

Many great examples of work being carried out to promote an entrepreneurial spirit amongst the disabled, disconnected and discouraged do exist. By improving or creating a policy on the subject of entrepreneurial mindsets it is recommended to identify some examples of good practice. And just like the best market expansions aren't always the closest ones geographically the best entrepreneurship examples might be found in other countries. The EU's Cohesion policy encourages regions and cities from different EU Member States to work together and learn from each other through joint programs, projects and networks.

Exchanging experiences and knowledge between countries, learning from each other's mistakes and adopting the transferable success factors accelerates development which is a key factor for integration and economic growth.

7. Identify and involve the right people and create the policy in a partnership

Much can be gained by identifying and involving stakeholders and key operators. Experienced entrepreneurs can contribute with first-hand experience, knowledge and ideas. Experienced entrepreneurs can also represent the private sector and companies. The transition from education, and entrepreneurship in theory, to actually starting a company or realizing an idea isn't easy so they also play an important role in figuring out how to link the school system and potential future entrepreneurs with real life practice and experience. Regions, municipalities, business agencies, banks, educational and science institutions, auditors, social services and business support agencies possess essential experience on the matter but they are also very important partners in incorporating the policy changes into practical activities. Involving a broad spectrum of competencies will give the policy a more well-rounded result and save time in the long run since it creates a sense of ownership among the operators, making sure that change happens in real life and not just on paper.

Another part that should not be forgotten is the actual target group of the policy's end result, the potential entrepreneurs. A more entrepreneurial way to involve target groups might be the use of Social Media tools and digital surveys to gather large amounts of opinions effectively and cost efficiently. The needs of the potential entrepreneurs must be understood in order to form the right kind of activities to motivate them to consider self-employment.

8. Communicate the policy to stakeholders and key operators

Once again the implementation of the policy is determined on how well it is anchored and understood by those who are expected to implement the policy, execute the activities or in some way affect the policy's outcome. Involving them in the creation of the policy is one thing but the communication of it should not be forgotten. For example, teachers are key players in the teaching of entrepreneurial and creative skills through their subjects, rather than just teaching the facts. To make this a reality it is important to involve teachers in any process that is created, to achieve their support and to utilise their knowledge and expertise. The people expected to inspire others need to be involved and inspired themselves. The policy should be distributed and the expectations and roles of the operators communicated to ensure that the policy not only becomes a higher level ambition but a working document for all involved in creating entrepreneurial mindsets. Key operators might be regions, municipalities, business agencies, banks, educational and science institutions, auditors, social services and business support agencies.

9. Utilize local strengths but consider the wider context

The policy should take into account trends and changes in its broader surroundings. This as well as connections to national, European and international settings, policies and programs (for example the Europe 2020) that might affect, offer opportunities or put demands on the region and should therefore be considered in the policy.

However, it is also important to be smart about the strengths of your local area (smart specialization), to ensure that its uniqueness is maximized, to bring out its strengths conditions and comparative advantages. All regions are not alike so there would be no point in them all competing to be the best at the same thing or in the same way.

A region should have a good idea as to what is happening in its surrounding on a national level, European level and so on. But there is a difference between having a look around to keep up with what is happening and trying to mainstream a regions form and objectives to fit national or European ones. A region's uniqueness is its strength.

So it should begin with the regions own strengths, conditions and comparative advantages, it should first and foremost enhance its strengths and uniqueness rather than mainstreaming it. This might be through prioritizing certain local strengths or tackling certain problem areas or structures that are keys to boosting the entrepreneurial mindset in that particular region.

10. Secure the needed resources

The policy should be backed up with the resources needed and linked to a budget so that financial resources are allocated to the implementation of the various priorities. But it should also be said that capital recourses are not the only means to carry out the policy. Allocation of the appropriate human resources and professionals with high qualifications is also a very important factor to consider and plan for. Most likely this calls for different people with various competencies within for example regional development, entrepreneurship and the social/human part, in order to help the target groups to overcome the barriers that they face in their way to become entrepreneurs. Much can also be done without it necessarily having to cost a lot of money. Looking at other good practice initiatives might help to use the budget responsibly, wisely and even more effectively.

** For further reading and ENSPIRE EU reports please see:*

www.enspire.eu

ENSPIRE EU Pan European Study

ENSPIRE EU Twinning visit report

ENSPIRE EU Toolkit

ENSPIRE EU Creating entrepreneurial policies, 10 recommendations

ENSPIRE EU Strategic policy framework Survey